# FINANCIAL TIMES

Start the week with...



Media futures Hold the liquid crystal display!



People

Lloyd's: the mood in the camp



Management

Governance: the great debate

### Hamas withdraws ceasefire offer ahead of summit

The extremist Hamas Islamic movement, responsible for a wave of suicide bombings in Israel, withdrew its offer of a ceasefire and said it would resume attacks. The warning came as world leaders prepared for an international summit in Egypt on Wednesday to shore up international sup-port for the fragile Middle East peace. Page 16

US warns China against war games: The US began moving an aircraft carrier taskforce closer to Taiwan as Washington warned China against further "risky" acts against the island. Page 16; Chinese media pressure, Page 4; Editorial Comment, Page 15; Emerging markets, Page 24; World stocks,

Fokker plans slimmed down future: One of three subsidiaries of Fokker has been removed from court-approved protection from creditors in an attempt to create a vehicle for reviving the Dutch aircraft maker in slimmed-down form. Page 17

Pechiney seeks 8% cost cuts: Pechiney, French aluminium and packaging group privatised last year, plans to cut annual costs by at least FFr1.5bn (\$297m), or 8 per cent, and expects substantial staff cuts. Page 17

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Section 1

IRA pressed to renew ceasefire: Sinn Féin faced renewed pressure yesterday from London. Dublin and Washington to go back to the IRA to demand a fresh ceasefire. Irish prime minister John Bruton urged the Northern Ireland republican movement to "stop thinking in terms of threats".

Japanese toolmaker plans UK expansion: Japanese machine tool producer Yamasaki Mazak plans to expand capacity at its plant in Worcester, central England, by 20 per cent. Page 9

Citibank close to choosing London site: Citibank of the US has drawn up a shortlist of three potential sites for its new London headquarters and is expected to make a decision this month. Page 6 BET predicts 27.5% dividend rise: Business

services group BET predicted a 27.5 per cent dividend increase as part of its defence against a £1.9bn bostile takeover bid from Rentokil. Page 18 Perkins targets luxury cars: UK-based diesel engine manufacturer Perkins is seeking to supply

the world executive and luxury car market by offering engines in production runs shorter than a carmaker on its own would consider viable. Page 16 Caspian pipeline investors sought: The Caspian pipeline consortium of Russia, Kazakhstan and Oman agreed to invite outside investment for

the construction of a pipeline to unlock the grant engin of field. Page 2 wirities' income reaches record: The ome of Britain's top charities rose to a record 98hn (\$15.26bn) in the year to June 1994, the 1996

inderson Top 2000 charities guide shows. Page 6

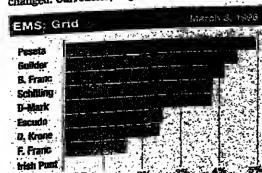


Hill wine Australian grand prix: British driver Damon Hill (above) won the Australian grand prix in Melbourne, the first of the season. His Williams Renault team-mate Jacques Villeneuve came second in his first grand prix after he suffered mechanical trouble within five laps of victory.

Liffe considers contracts change: Tha London International Financial Futures and Options Exchange is considering a modification of its short-term money-market contracts in preparation for European Monetary Union. Page 17

FT-SE eligibility under review: A rule which helps determine whether a company's shares are eligible for the FT-SE 100 index is to be reviewed amid concern about the recent inclusion of compa vies which have relatively small amounts of shares enblicly traded. Page 18

European Monetary System: This week's meeting of the Bundesbank council could prompt a further round of interest rete easing. There was no change to the order of currencies in the EMS grid last week, and the spread between them was barely changed. Currencies, Page 27



The chart shows the member currencies of the exchange rate mechanism measured against the weakest currency in the system. Most of the currencies are permitted to fluctuate within 15 per cent of agreed central rates against the other members of the mechanism. The exceptions are the D-Mark and the guilder which move in a 2.25 per cent band.

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# Clearing bank plan to protect forex deals

By George Graham, Banking Correspondent

The world's leading international banks are preparing to set up a global clearing bank to handle the \$1,230bn of transactions that flow through the foreign exchange markets each day.

The aim is to produce an instantaneous settlement system in which a payment by one bank is immediately offset by a match-ing payment from another bank. This would sharply reduce the risk of a short-circuit in the foreign exchange market which, because the sums traded are so large, could severely damage domestic financial systems.

If a global clearing bank can be established within three years, as its developers hope, its launch would coincide with the 25tb anniversary of the collapse of Germany's Bankhaus Herstatt a disaster which still keeps central bankers awake at night.

When the German authorities closed Herstatt it was in the middle of more than \$620m-worth of foreign exchange trades. One leg of those trades had already been paid to Herstatt in Germany, but behind - the other leg had not yet been paid to the bank's counterparties in the US.

Central bankers have been eager to find a way of eliminating "Herstatt risk" and avoiding a man bank provoked in the international financial system.

The Bank for International Settlements, which brings together the central bank governors of the Group of Ten leading industrialised nations, will later this month outline its strategy for reducing settlement risk in the foreign exchange markets.

But the central hanks are

The final figures are still being

calculated, but the loss is likely

to run to several hundreds of mil-

lions of francs, on top of cumu-

lated deficits of more than

The new decline will prove an

embarrassment to the group, which only last year finalised a

FFr135bn financial restructuring

with the French government

designed to clear out its history

of bad lending and put an end to

its losses ahead of eventual priva-

fact that Crédit Lyonnais man-

aged to scrape back into profit of FFr36m for the first six months of last year. Mr Jean Peyrele-vade, chairman, at that time pre-

dicted "modestly positive" results

The new figures also appear to

clash with projections in its business plan submitted to the Euro-

pean Commission in Brussels as

part of the negotiations which led

to approval of the rescue package

by the competition authorities.

They showed net profits of up to

The latest results, which are

dne to be published on March 21,

reflect a number of unanticipated

charges, including the reduction

for the full year.

FFT700m for 1995.

The loss comes in spite of the

FFr21bn (\$4.15bn) in 1992-94.

in New York - which is six hours

repetition of the crisis the Ger- foreign exchange deal spanning

happy to support a private sector solution to the problem if one can

The clearing bank project is being developed by 17 of the world's biggest banks, including Citibank and Chase Manhattan in the US, Barclays and National Westminster in the UK, Germany's Deutsche Bank, and Japan's Fuji Bank.

They bave rounded up their numbers to call themselves the Group of Twenty. Together, they bandle around 30 per cent of global foreign exchange trading.

A clearing bank set up under the plan would be opeo to any hank that met qualifying standards. Members would have to pay money into their accounts each day, and transactions would be debited and credited throughout the day.

If one member bank defaulted during the day, losses would be shared among other members.

Because volumes in the foreign exchange market are so large, the account balances could drain considerable liquidity from domestic money markets, raising possible monetary policy con-cerns for central banks.

For the global clearing bank to work, it would have to be linked to national money transfer systems such as the US's Fed-Wire. But it would also need longer opening hours for national systems, so that both sides of a several time zones could be completed at the same time.

The attempt to settle foreign exchange transactions in "real time" mirrors the transformation taking place in national payment systems. In the UK, for example, the clearing bouse automated payment system (Chaps) for large payments will switch to "real time gross settlement" in May.

tor over the past two years, a

time of declining business and

At the end of last month Pari-

bas, the French financial group, reported losses of nearly FFr4bn

after taking new provisions of

FFr5.5bn against investments

and property lending activities.
Other French banks and finan-

cial institutions reporting in the

next few weeks are also expected

to include some substantial new

provisions incurred by additional

write offs on their property port-

Crédit Lyonnais now has little

snch property exposure, since nearly all of its loans to develop-

ers and other property investments were transferred last year

into Consortium de Réalisation,

the vehicle underwritten by the

French state and charged with

selling off its non-core and non-

hanking rivals, such as Banque

Nationale de Paris in the private

sector, Crédit Lyonnais is expec-

ted to show continued difficulties from lending to the domestic

small and medium-sized business

sector, which has been affected

by the continued poor state of the

CONTENTS

However, like a number of its

performing businesses.

French economy.

intensifying competitivity.

# German bank to 'correct' tax returns of 10 years

By Michael Lindernann in Bonn

Commerzbank, Germany's third largest bank, yesterday admitted that it was "correcting" tax returns covering more than a decade following allegations that it had made false or misleading submissions to the authorities.

The allegations, which centre on the size of provisions for bad loans to Latin America during the 1980s, were made yesterday by Der Spiegel, the news maga-Der Spiegel alleged that in

1988 alone the bank had been

able to reduce its income - and hence the amount of money on which it paid taxes - by DM700m (\$476m) through adjusting the size of its provisions for bad debts. The magazine said the tax authorities had lost up to DM500m following "crafty balance sheet operations".

very carefully," he said. However, the bank confirmed

Commerzhank said yesterday it had made provisions for sovereign loans to countries across southern and central America which, because they were made partly by its subsidiaries in the US and Luxembourg, had no effect on the bank's income in Germany. "Provisions were made which were not accepted by the tax authorities in that form," the bank said. The bank created reserves

# Smiling time: Italy's Susanna Agnelli is flanked by European Commission president Jacques Santer (left) and the Irish Republic's Dick Spring during a hreak from a meeting of European Union foreign ministers in Palermo, Sicily, yesterday. At the back are Denmark's Niels Helveg Petersen (centre) and Theodoros Pangalos of Greece (right). Reports, Page 2

### Markets poised for volatile phase after Wall Street fall By Maggie Urry and Lisa Share prices fell sharply, with Mr Paul Mastroddi, managing

Bransten in New York and Michael Prowse in Washington, and Richard Lapper in London

Financial markets are expected to open in a highly nervous mood today following sharp falls in US bond and equity prices on Friday. Trading in the US is expected to be volatile this week as inves-

tors reassess the outlook for American interest rates. Traders markets are also preparing for something of a sell-off today, but not as signalling an with the UK markets looking particularly vulnerable. A sharp rise in payroll num-

bers and a reduction in the unemployment rate sparked a plunge in US share and bond prices on Friday. The fall in unemployment raised fears of a resurgence in the economy which could re-ignite inflation, preventing further cuts in interest rates.

The yield on the 30-year US Treasury long bond rose from 6.45 per cent to 6.72 per cent, the the Dow Jones Industrial Average falling 171.24 points to

Senior officials in Washington thought financial markets had over-reacted to the February jobs report. They viewed the figures as confirming other recent signs that the economy was reviving.

unsustainable burst of growth. Although the data were widely seen as ruling out an early cut in US short-term interest rates, officials did not see a need for policy tightening. The Fed is believed to be fairly relaxed about the inflation ontlook.

In New York Mr Stephen Roach, chief economist at Morgan Stanley, the investment bank, said Friday's move had "extreme". However, he added that a "reassessment of the basic foundations" of the bull market was now taking place.

director in the economics department at JP Morgan, said that at the start of this year the market had expected short-term interest rates to fall to around 41/2 per cent by the year's end. Now the market was looking for interest rates, at best, to stay at current levels of 5% per cent.

"It seems clear that there has been a fundamental basis for the market's reaction," said Mr John mon Brothers. He felt that such a big shift in economic momentum would - if confirmed - pose a challenge to inflation expecta-

Whichever view proves right in the longer term, Friday's market moves will have investors scrambling to adjust their holdings. Mr Kevin Slnder, senior fixed-

income trader at First Chicago NBD, said: "There's some significant volatility ahead of us.

One question today will be whether US mutual fund investors start selling, or if they see

Continued on Page 16

### Crédit Lyonnais biggest one-day move since Iraq invaded Kuwait in August 1990. confounds analysts Attacking Der Spiegel's report. Commerzbank said such Ifigures with loss prediction were "misleading". The bank declined to give any alternative figures, saying only they did not amount to the "the hundreds of By Andrew Jack in Paris millions of D-Marks" referred to in the article. It added that the bank was st few months, which has cost Crédit Lyonnais, the hanking the bank dearly since more than still in discussions with the tax group owned by the French state, is set to plunge back into the red when its full 1995 financial FFr60bn of its debt is financed at high, fixed rates. The new losses re-emphasise authorities to clarify the matter. "We have to check all of this results are published later this the difficulties which have faced much of the French banking sec-

that two board members, Mr Klaus Patig and Mr Norbert Kasbeck, had written to the tax authorities warning that its tax statements since 1984 would need to be adjusted. Such preemptive filings are frequently made to the German tax authorities to postpone a full court case. descended on the bank's offices initially to investigate allega-tions that the bank had belped

across Germany on February 27, its clients avoid taxes through the transfer of funds to Luxembourg and other investment centres. It was during these investi-gations that questions were also raised about the Latin American

Continued on Page 16

# \*\*Funding of £221 pillion for the Funding of 2221-juilities for the institutional pur likeseoi. New Lwok Grossskimited: Led Negotites and Aranged at BZN Private Spainty English BZN Private Spainty English Decamps 1885

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Mrs Tansu Çiller: "We need to take a few more radical steps. nnt many more'

### Reluctant **Ciller** gives up power

By John Barham and Edward Mortimer in Ankara

Mrs Tansu Çiller, Turkey's outgoing prime minister, began a nine-month period out of ower at the weekend by saying she intended to retain a strong voice in running the country's affairs.

Mrs Ciller and Mr Mesut Yilmaz, the new prime minister. have agreed to rotate the premiership as part of the coalition agreement between their two rival conservative parties.

She said: "I will sit together with Mr Yilmaz and talk about these affairs together. As far as internal and external affairs are concerned we will come up with policies together. Mrs Ciller and Mr Yilmaz

bave divided government portfolios between their parties. Mrs Ciller's True Path party bas nine ministries, including the foreign ministry. Mr Yilmaz's smaller Motherland party bas eight, including defence and interior. Each has eight ministers of state in the 33-member cabinet.

However, they will share economic policy-making. Mrs Ciller said she planned to insist on ber views: "This is a coalition government, and the larger party is my party, and what I did was a personal sacrifice. [True Path is the larger party, but Mr Yilmaz will take

the premiersbip first.]
"The party is there and the ministers I bave cbosen are there. I am trying to support this government because the success of the government is the success of the country. Having gone through such a hard time, with a very radical stabilisation programme 1 know exactly what needs to be something it's not because I want it, It's because it's a

necessity for the country."

Mrs Ciller recognised that winning parliamentary approval for reforms would be difficult, since the coalition is 15 seats short of a majority in parliament. It must rely on support from the centre-left Democratic Left party of Mr Bulent Ecevit, a former prime

"If we go along with consensus as far as parliament is concerned it will not be radical enough. We need to take a few more radical steps, not many more," Mrs Cilier sald reforming the social security system was the new government's top economic priority: "Its deficit is almost as big as the budget deficit. And we have to overcome it with a minority govemment."

Mr Ecevit has ivarned be is not committed to allow passage of any measures "which go against our principles". which suggests such economic reforms will indeed he difficult for the new government to push through.

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### Fury over UK-French attempt to exclude European parliament

# Move to keep MEPs out of IGC

By Linnel Barber in Palermo

Britain and France yesterday blocked a plan to invite the European parliament to take part in negotiations in the EU's coming intergovernmental conference. The Anglo-French alliance offers a foretaste of battles in the IGC and is sure to provoke an angry reaction from MEPs meeting at their plenary session in Strasbourg this week.

The two countries' opposition surfaced at a weekend meeting of EU foreign ministers in Palermo, Sicily, and provoked bitter criticism from ations. Two MEPs also took several member states. Mr Klaus Kinkel, German foreign minister, described the

UK-French opposition as "unacceptable". Mr Carlos Westendorp, Spanish foreign minister, said MEPs should be offered a seat at the negotiating table. "It's 13 countries against two," he said. Most EU memher states

argue that the parliament has earned a role in the IGC because it is a directly elected body, as opposed to the technocrats and civil servants who will handle most of the negotipart in last year's high-level group of experts preparing the

But Britain and, particularly, France are adamant that the IGC concerns negotiations between sovereign national governments and that its outcome will be ratified by national parliaments. The European parliament, which was not represented in the Maastricht treaty talks, is required to give its "opinion"

A joint UK-French draft proposed that MEPs could have contacts with representatives of EU foreign ministers every two months, and a meeting with EU foreign ministers once every six months, on the IGC negotiations. The president of the parliament could also offer views to EU heads of government on summits dealing

with the IGC. One EU diplomat in Palermo described the UK-French draft as "insulting" and predicted trouble ahead, particularly since Scandinavian countries see the parliament as a safety valve for public opinion.

forward a compromise which favoured "regular" contacts oetween the parliament and the member states on the IGC. which is expected to last up to 18 months.

The failure to strike a deal in Palermo means that further talks will be held at ambassa dorial level in Brussels. Mr Malcolm Rifkind, UK

foreign secretary, said be would shortly produce a paper on the pros and cons of bolding a referendum on the single European currency. The paper could appear as early as this

According to Elysée officials, this will stress in particular Mr

Chirac's commitment to reach

ing Emu on time and to forg-

ing stronger European defence by reforming his forces at home and the institutions of

Bnt there is still wrangling

over other aspects of European

policy within the main political

formations. The exception is

the UDF, the junior govern-

ment coalition partner, which is in the throes of a leadership

contest but is united on

Europe, if on nothing else. But the governing RPR Gaullists

and the opposition Socialists

are still striving for a full con-

sensus on Europe within their

rank and file for adoption by

Many in the RPR, for

instance, would like to see

national parliaments virtually

replace the European parlia-

ment and to see France pull

out of the Schengen pact, How-

ever, they are likely to be brought to beel by Mr Chirac

and Mr. Alain Juppé, his prime minister and fellow Gaullist,

who know such positions are

not negotiable with Bonn.

Freed from the constraints of

government, the Socialists

have swung towards demand-

ing that the EU do far more to

tackle unemployment. But the

influence of Mr Jacques Delors,

the former Commission presi-

dent, bas ensured that they

have not gone as far as their

German counterparts, the

Social Democrat party, in mak-

ing this a precondition for going ahead with Emu.

the end of this month.

Nato and EU abroad.



# Caspian project partners clear pipeline block

By Sander Thoenes in Alma Ata

The Caspian Pipeline Consortium of Russia, Kazakhstan and Oman has agreed, after three years of haggling. to invite outside investment for the construction of a pipe line to unlock the giant Tengiz oil field.

The agreement, confirmed only by representatives of Oman Oil, could pave the way for Chevron and other oil companies to join the three countries in building the 750km pipeline from Tengiz, in northwestern Kazakhstan, to the Russian Black Sea port of Novorossisk.

Chevron, which owns half of a joint venture developing the field, has estimated it could produce 700,000 barrels of crude per day and bring in \$20bn (£13bn) in investment. But lack of a reliable export route has led the company to cut daily production to 60,000 barrels and left Kazakhstan short of badly needed revenue. A new pipeline would provide an export route not just for Tengiz but also for potentially buge oil reserves under the Mr Ed Smith, general direc-

tor of the Caspian Pipeline Consortium for Oman Oil, said that Kazakhstan, Russia and Oman agreed in Moscow to reduce their stake to just over 50 per cent, with Oman reducing its share from a third to "approximately 10 per cent". Russian and Kazakh officials

declined to comment or were unreachable. Earlier reports of an agreement have proved unfounded, and both Russia and Kazakhstan have backtracked on signed agreements in the past.

Mr Smith said Russia and Kazakhstan would still need to agree on their stakes, based on the assets they brought to the agreement could set the ground rules for talks with potential investors in London on Friday. Mr Smith said Agip. Arco, British Gas, Chevron, Mobil and the Russian companies Lukoil, Transneft and Rosneft were expected to attend.

Since the consortium was founded in 1992, Chevron has refused to join on the grounds that Oman Oil wanted it to provide the bulk of the investment as well as pay a transport tariff, in return for a stake of only 25 per cent."
"We're encouraged by the

flexibility demonstrated by Russia, Kazakhstan and Oman in reaching agreement on a viable business structure for a workable project," said Mr Mike Libbey, a Chevron spokesman, adding that his company would attend the London meeting.

Mr Smlth said Kazakhstan would probably agree to hand over more of its share than Russia, on the grounds that the Russian assets were more valuable. Kazakhstan has been loath to cut its share but has been unable to find investors for a pipeline that would evade its northern neighbour.

President Nursultan Nazarbayev of Kazakbstan announced in January that his country and Russia had agreed to cut their stakes to 25 per cent each, leaving only 5 per cent for Oman Oil. Other Kazakh officials claimed Oman Oil had lost all rights to the project because it had missed a financing deadline last fall. Chevron, Mobil, British Gas

and Agip last year submitted an alternative proposal for a consortium without Oman Oil, but some have indicated they would not object to Oman keeping a minor share. Lukoil, which last year brokered a deal between Azerbaijan and Russia for a similar pipeline, recently claimed success in lobbying fo share in the Tengiz project Mr Smith said Lukoil's Expe ted share would supplement not replace, the Russian gov-

ernment stake. To obtain bank financing, most experts agree, new members of a consortium would still need more solid Russian guarantees, both on legal rights to the assets provided by the Russian government and on the volume of Russian oil shipped through the pipeline in

the initial stages of the project. Many oil experts had presumed that Russia had made its co-operation contingent on political concessions from Kazakhstan, for instance nn the disputed status of the Caspian Sea. But Moscow also stands to gain from transport fees and from the first phase of construction, which would clear a bottleneck in the Russian pipeline network near Novorossisk.

# French set to air some grievances

By David Buchan in Paris

The French government will set out its general position regarding the forthcoming European intergovernmental conference (IGC) in a declaration to the National Assembly on Wednesday that will probably stir less controversy than the debate itself.

Many deputies, particularly within the governing centre-right coalition, may mant to use the occasion to air a series of Euro-grievances. These include the perceived damage to France of "competitive devaluations" by some of its neighbours, and the difficulty posed hy what it considers to be lax Dutch drugs policy in removing controls on borders within the Schengen conven-

These may seem secondary issues to the overall French goals of keeping economic and mooetary union on track and of reforming Brussels institutions so they can play a more effective foreign and security policy role. But the government was pushed by the assembly last month into proposing tougher action against countries remaining outside Emu wbicb abuse their exchange rate freedom.

The main French political parties - or at least their leaders - broadly agree on the need to take more decisions on regular EU business by majority, to boost the power of the Council of Ministers in which bigger states like France should bave a more weighty

By David White

On a bright morning a week

ago. Spanlards awoke to find a

distinct whiff of Mediterranean

politics had wafted in on the

breeze. General elections,

which the combative daily El

Mundo bad confidently billed

as "the most decisive in 20

years of democracy", turned out to be the most indecisive.

lt was an upside-down kind

of election. The centre-right

Popular party ivon, but looked

stunned after securing fewer

seats than previous winning parties. The Communist-led

United Left also gained, but

was down in the dumps. The

Socialists were defeated, for

the first time since 1979, but

were laughing. And the Cata-

ian nationalists of Convergen-

cia i Unió lost ground but, with

all of 16 MPs, were now able to

The week's initial rounds of

inter-party conversations

brought Spain no closer to a

new government, with a reluc-

tant suitor - the PP - courting

an eveu more reluctant Cata-

Editorialists pondered the

risk of slipping into Italian-style politics. Newspapers as

far apart as El Pais, broadly

sympathetic to the outgoing

Socialist administration, and

the strongly conservative ABC both said it would be "a collec-

tive failure" if there had to be

"Prolonging the current pro-

visional situation, apart from

call the shots.

lan partuer.

Socialist leaders believe aggressive unemployment measures are the key to public acceptance of Emu

Socialist leaders yesterday urged the European Union to adopt aggressive measures to fight unemployment as the only way to gain public acceptance of a single currency, writes Peter

European socialist and social democratic party leaders meeting in Sintra, Portugal, called for practical steps to create jobs to be written into the EU treaty when it was revised

at this year's intergovernmental conference.
"The goal of full employment should be anchored explicitly in the treaty... and a snpervision system for the employment policy of member states should be considered," Mr Franz Vranitzky, the Austrian chancellor, said in a report adopted by the group.

Mr Rudolf Scharping of Germany's opposition Social Democratic party (SPD) said socialist leaders strongly opposed any turning away from the established timetable and economic convergence criteria for European monetary union. Emn was essential to Europe's econo competitiveness and further integration, be said. But it would not win the public support vital to success without "aggressive efforts" to lower unemplnyment, particularly among the young, and provide more job training. Setting up a European Employment Union

and add a defence dimension to

Much of this Gaullist-tinged

consensus rests also on the accommodation reached last

year between President Jac-

revealing the cleverness of cer-

tain political leaders, could

omy," El País cautioned. The

financial newspaper Cinco Dias described the result as "a sad

victory" for the PP leader, Mr

José Maria Aznar. "Unfortu-

nately, the election results are

not an invitation to consumers

and investors to mobilise," it

said. The Spanish economy, it

reckoned, was ready to embark

on a more ambitious growth

phase. "All that it needs is that

the politicians should not become an impediment."

El Mundo, which had set its

heart on finishing off Mr Felipe

González, prime minister for

the past 13 years, saw the main

message of the elections as the

defeat of felipismo - "a wel-come historic event". But it

was also critical of Mr Aznar,

complaining of his "worrying

lack of sensitivity" towards

Catalan and Basque national-

that he made a mistake in

Catalonia... It is as elemental

as that: you cannot engage in politics in Catalonia against

the immense majority of Cata-

lans," it said. Mr Aznar had to

sbow be was as centrist as be

claimed. "Either he will have

to govern from the centre, or

El Pais deplored the lack of a

consensus culture in Spanish politics. The sectarianism and

aggression that have become

part of political life, especially

in the past three or four years, do not correspond with the

reality of Spanish society."

not govern."

"He must recognise openly

(EEU) that sets employment targets and minimum social standards is one of the main suggestions of Mr Vranitzky's report on how to deal with the impact of Emn on employment and social policy.

Proposals to reduce bureaucratic obstacles to businesses and create jobs by deregulation should be resolutely rejected, he says, because they would lower social standards and damage the environment.

The main task of an EEU, an idea that originates with Mr Allan Larsson, a Swedish social democrat, would be to fix employment goals compatible with public debt levels. It would also seek to improve productivity to resist inflationary pressures and enable uniform social standards to be met.

National and regional programmes would be

developed on the basis of employment targets and would be financed by allocating more money to the European Social Fund. Member states not joining the EEU would be not be eligible for ESF funds. To help create jobs, more should be spent on the environment, research and development, education and trans-European infrastructure networks, Mr Vranitzky says. But funds should be raised by resbuffling not increasing the EU budget.

vote, to reduce the number of Helmut Kohl, who has not endorsed the Euro-federalist commissioners in a European Commission which should proposals of some in his party. focus more on executing than on making policy, and to streamline EU foreign policy

Indeed, the relative ease with which France and Germany have arrived at a joint position has somewhat blunted the call by Mr Edouard Balladur, the ex-prime minister, for a new pact between Paris and Bonn. In the absence of serious strains between France and Germany, their existing 1963

EUROPEAN PRESS REVIEW

**EL PAIS** 

"Prolonging the current provisional situation.

apart from revealing the cleverness of

certain political leaders, could bode ill for the

Spanish economy"

Aznar warns on single currency

forced to bold another general election this year, Mr José Maria

Aznar, leader of the centre-right Popular party, said yesterday,

government after his party's narrow election win last week, said in an interview with the daily newspaper ABC that new

elections would "totally and definitively" rule ont prospects of

meeting the European Union convergence criteria. "It would be extremely serious for Spain and would mean missing the

Maastricht train and the opportunity of placing the Spanish-

economy in a process of growth, reform and job-creation."

Spatu would write-off its chances of qualifying as a

founder-member of the European single currency if it were

Mr Aznar, who is trying to negotiate support for a PP

David White writes from Madrid.

In a later editorial, El Pais

pointed out that it would be

technically possible to form a

government without the PP.

Equally, if Mr Aznar lost his

investiture vote next month,

tbe king could nominate

another PP candidate, or an

"An unthinkable folly,"

retorted ABC. King Juan Carlos had too much "pru-dence and good sense". Mr

Aznar, it insisted, was the only

indevendent.

Elysée treaty still seems ade-

Therefore, Mr Chirac and his

government go into the IGC in Turin with their parliamentary rear and their flank across the Rhine relatively well safeguarded. In this comfortable position, the president is said to be planning nothing more in the run-up to the opening on March 29 than penning a major article in the French press.

Decisive poll proves most indecisive apart from being sterile and useless, are aimed only at When political parties in any democracy make agreements. they do not agree on the mystery of the Holy Trinity, but on

> concrete programmes. It called for a fully fledged coalition with regionalist parties, based on a more federal state. "The ballot-box has created an historic opportunity to complete something that was unfinished and to do away with secular fears and resentments," it said.

However, the Barcelona daily El Periódico de Catalunya said grassroots Convergência supporters were "unanimously and radically opposed to an agreement with Aznar". It summed up the dilemma of the negotiations: "This is a process which has to be gradual but which must be done in as little

time as possible."
The Catalan-language daily Avia doubted if a pact could be reached in time. "It is not possible to improvise a regional policy radically different to the one proposed in [the PP's] own programme in a few days." Other regions with PP governments, it said, were opposed to granting special concessions to Catalonia, and the PP was allied to "viscerally anti-Cata-lan" parties in Aragon and Val-

absurdity". It dismisses as eucla.
"ridiculous" their insistence. Bet Between now and the investiture debate, there can be no miracles." The only option was for Mr Aznar to seek co-opera-tion, or non-belligerence from the Socialists.

# German spending cap fears resurface

By Michael Lindemann in Bonn

Forecasts that the German budget deficit this year - predicted at DM60bn (£27bn) would in fact be DM20bn higher have prompted fears that Mr Theo Waigel the finance minister, will have to announce a cap on government spending because of lower tax crat's budget spokeswoman, revenues.

Press reports suggested the

spending restrictions would only be introduced after three state elections had taken place on March 24, the next important date in Germany's politi-cal calendar. However, the finance ministry insisted no However, the finance minis-decision had been taken and try said it expected tax reve-that a final decision had "noth- muss to be DM6bn lower than ing to do with the elections".

Fears about lower tax requirements caused Mr Waigel to demand last October that all government expenditure over DM1m be cleared with his ministry. That spending cap, however, ran out on December 31.

According to weekend press reports both Ms Ingrid Matthaus Maier, the Social Demoand an unnamed member of the governing Christian Democrat coalition warned that this year's budget deficit would be DM20bn higher than expected because of lower tax revenues and the higher costs of rising unemployment.

forecast last November.

# Lady Thatcher unleashes Star Wars broadside in US

possible candidate for prime

minister, and was condemned

to reaching an understanding

with the Catalan party.
But for Diario 16, the Cata-

lans' conditions for backing Mr

Aznar "border on childish

that the PP should recognise

Catalonia as a "nation" rather

then a region.
"All these demands for sol-

emn declarations of principle.

By Bruce Clark,

another election.

Lady Thatcher, the former British prime minister, bas plunged into an intensely partisan US debate by calling for a new version of Star Wars to ward off the threat from rogue states with nuclear, chemical or hiological

Weapons. in a speech at the weekend in Fultou, Missourl - where Winston Churchill warned 50 years ago of an "iron curtain" descending on Europe - she berated the west for failing to prepare for a new threat from

weapons of mass destruction. The lecture's timing and location were clearly intended to create the impression of an appeal to history that rose above daily politics. But her chosen theme was one of the touchstone issues in Washington's

ideological debate. The speech placed her in the camp of the conservative Republicans who are pressing President Bill Clinton to renounce the anti-ballistic missile (ABM) treaty of 1972 and invest heavily in a nuclear shield.

The issue provides one of the sharpest dividing lines in the US for-

Russia over core arms-control issues. even at times when relations between the two countries are under strain.

Lady Thatcher threw her weight behind Senator Jesse Helms and other conservatives who argue that the ABM treaty is a cold-war relic with no relevance to an age when up to 20 countries have, or will soon acquire, long-range missiles.

eign policy debate. Preserving the is a matter of the greatest impor-ABM treaty has been central to Mr. tance," she said, adding that "co-or-Clinton's policy of co-operating with dinating the contribution of Amerhas allies to such a system could provide a new mission for a rejuve-nated, enlarged Nato.

For Washington's political right the speech was a boost for their

attempts to demonstrate that Mr Clinton's handling of pariah states has been soft. "Lady Thatcher is on target," said

Mr Joshua Muravchik, a conservative foreign affairs analyst. "If we "Acquiring an effective global are going to allow irresponsible "To European defence ministries, defence against ballistic missiles states like North Korea to keep their a nuclear shield sounds like isola-

arsenals, it's essential that we liave tionism or American techno-lunacy."
defences against them." said Mr Dan Plesch, director of But her vision of an expanded Nato, renewing itself through a new Star Wars programme, will, not meet with universal approval among

strategists, even conservatives, on either side of the Atlantic. in the past, US plans to build a nuclear shield have alarmed Europeans, who feared that their territory would be left unprotected - and US defence contractors would be the

principal beneficiaries.

said Mr Dan Plesch, director of Basic, a leftwing think-tank . In the US, meanwhile, part of the conservative constituency which

favours anti-missile defences has become sceptical about maintaining. let alone extending, the US commitment to protecting western Europe. US opponents of Nato enlargement range from isolationists such as Mr Pat Buchanan, the Republican presidential candidate, to veteran arms control experts like Mr Fred Ikle who argue that alienating Russla is too high a price to pay.



### **NEWS: MIDDLE EAST**

# to Israel on aid for Gaza

MARKET

£ ---- £ ---- £

The EU yesterday appealed to Israel to allow food, humanitarian and construction aid to flow to Palestinians in Gaza, in an attempt to shore up President Yassir Arafat.

They tempered their plea with support for Mr Shimon Peres, Israeli prime minister, and approved a joint approach to Iran and Libya to end their support for terrorism.

At a weekend meeting in Pal-ermo, Sicily, EU foreign ministers rejected US and Israali pressure to break off "critical dialogue" with Iran. The Teh-ran regime, suspected of financing and organising terrorism, has offered moral support to the suicide bombers in Israel. A joint statement underlined the EU's determination to bolster its diplomatic engagement in the Middle East prior to the anti-terrorism summit in Egypt

on Wednesday. The Union's declaration – studiously even-handed - said safeguarding the security of Israeli and Palestinian popula-tions was a "fundamental elemant" in carrying out the peace process, which had to be made "irreversible".

While urging President Arafat to take every step to arrest those responsible for terrorism, the statement added: "We recognise the hardship imposed on the Palestinian population resulting from the closure by Israel for security reasons of all land and sea borders with Gaza and the West.

"We therefore call on Israel to allow humanitarian assistance and materials for the. internationally financed reconstruction programmes to go through, under appropriate security safeguards, hut with-out undue delay."

Diplomats said the EU was determined not to isolate Mr Arafat, under pressure from the Israeli government to clamp down on the militant

The EU is giving Ecu90m peace process.

Mr Süleyman Demirel, Turkey's president, arrives in Israel today for a four-day tour, which is expected to focus on issues such as the Middle East peace process and terrorism, John Barham reports from Ankara. Turkey has become one of Israel's . closest allies in the Middle

Mr Demirel is expected to sign a free trade agreement with Israel, eliminating import barriers ou almost all bilateral trade. A four-year transition period will protect certain "sensitive" sectors, particularly Israel's textila

industry. Turkey is also expected to conclude a \$650m (£422m) contract with Israel Aircraft Industries soon, to upgrade 54 Turkish Air Force Phantom F-4 fighter bombers.

(\$112.5m) to the Palestinian territories in 1996, almost half the international aid effort and triple the US contribution. But despite efforts to make the Middle East a showcase for its fledgling common foreign and security policy, the Union's ini-tial reaction to the suicide bombings last week was convo-

Mrs Susanna Agnelli, Italian foreign minister who chaired the talks, made little effort to hide har frustration over French suggestions that a weak Italian presidency had forced Mr Hervé de Charette, French foreign minister, and Mr Klaus Kinkel, his German counterpart, to fly to Israel in the wake of her own visit.

The EU's anti-terrorism approach to Iran and Libya will be handled by senior officials from Spain, Italy and Ireland, which form the so-called troiks of past, present and future EU presidencies.

get list as well, hnt several countries and the European Commission objected that Damascus was a party to the

# EU appeals Journey of fear on Jerusalem's bus No 18

Julian Ozanne speaks to commuters using a route hit by bombers on consecutive Sundays

n two consecutive Sundays Jerusalem's Number 18 bus has heen ber 18 bus has neen blown apart by Islamist suicide bombers during the morning rush hour, killing 44 people. Yesterday, as passengers boarded the 6.47am No 18 service, there was a palpable sense of fear. "They have made us so

mal peopla everywhere do without thinking - take a morning bus to work," said Ms Sarit Aldema, a 20-year-old stu-dent who trembled as the bus passed near the Old City. This is the stop where police believe the Palestinian suicide bombers boarded the buses attacked. "When you wake np. you think maybe it's better to leave

a little later. As you leave the house you think, Shall I take this bus, or maybe wait for the next one? - which one will be more lncky? The worse thing is that it makes you afraid of every Arab you see. Maybe he will be the one coming to kill Ms Aldema said that since

the first bus bombing on February 25 she had avoided taking the bus and instead used taxis. "But this isn't an answer. We must trust the security forces otherwise we will live in fear forever."

Yesterday's fear was exacerbated by a Hamas threat to cancel its offer of a four-month

ceasefire and to carry out more bombings. Bus drivers said many of the No 18s were nearly empty. All along the route soldiers patrolled the bus stops, questioning morning commuters, searching bags and boarding the bus to check the litter hin.

Tense passengers scrutinised everybody who got on the vehicles. At the Old City, sevstraid to do the thing that noreral Arabs were splayed out against a corrugated fron fence being frisked by police in bul-let-proof jackets.

The bombings of the No 18 buses have had a devastating effect on the Katamon neighbourhood, the first community on the route to central Jerusalem. Many of the bombing victims lived in Katamon. "I take the No 18 every

morning," said Ms Gluskin Tatianya, a Katamon resident who arrived from Russia five years ago and works at the Yad Vashem holocaust museum. "I used to see the same faces on the bus everyday and now, suddenly, they are not here anymore. There is a very hig pain of loss in my

"Look around, everybody is afraid. Nobody knows what will happen. Only God knows." Eight of the victims of the first bombing lived in Katamon; three were from the same school. Many of the Katamon

Show of force: An Israeli soldier boards a near-empty No 18 bus in Jerusalem yesterday

told how they had narrowly avoided taking one of the doomed vehicles on the two previous Sundays.

Those who narrowly escaped death drew deeply on their Jewish faith. Mr Avraham Cohen took the

No 18 every day from Katamon on his way to work at the Motza winery on the outskirts of Jerusalem. On the first Sunday he got off the bus seconds before it blew up. On the second Sunday he was seriously wounded. "Apparently someham," his brother Salim told an Israeli newspaper.
"In one week his life was

given to him as a gift twice. This time, after he heals, God willing, we will take him to synagogue to say the rescue prayer. The gome! (rescue) prayer is a traditional Jewish blessing for those who have miraculously passed through a life-threatening experience.

Among the bravest people on the No 18 route are the drivers of the Egged bus company who have consistently turned up for

where the No 18 originates, has been nicknamed the "cursed station". Five buses from the Gonen station have been attacked since 1967. Last week Mr Shmuel Halifa, Egged's Jerusalem director, said: "The drivers feel like they are in the middle of a game of Russian roulette." A psychologist has been hired to counsel them.

Many of the drivers wrap themselves in tefillin - leather straps and small boxes containing Hebrew texts worn by Jews during prayer - and say

our weapon," said one driver.
Their wives also suffer. "My wife was very worried this morning," said Mr Benny Ben-jamin, the driver of yesterday's 6.47am bus. "She said 1 must look left and right and look at everyone who gets on my bus as a potential terrorist. It's really tense on the buses, but especially on this No 18. It reminds me of the Lebanon

The grief and mourning in Israel last week cast a shadow over Purim, the Jewish festival wben children dress up in masks and costumes.

Many children were overwhelmed and confused by the atrocities. But Vladik Koshnirov, 8, who lost his parents in the first attack on bus No 18, provided a remarkable glim-

After the second bombing he described how be had gone to hed and imagined he was talking with his dead parents. 'I told them a borrible tragedy happened, and that many people are crying. I told my mother 1 am afraid, because every Sunday they blow up a bus in Israel and I am worried.

"I want to dress up as a Hamas man, to penetrate into the Gaza Strip and find the Hamas leader there, I want to plead with him 'enough murder, don't kill any more Jews,

# Election boost for Rafsanjani

By Robin Allen in Dubal

Iranian President Ali Akhar Hashemi Rafsanjani's chances of accelerating economic reform appeared to have improved at the weekend following gains made by reformist candidates in the first round of parliamentary elections, held on Friday. Early results issued yester

day suggested the reformist centre-right faction, the Servants of Construction (also Syria was initially on the tarknnwn as G16), had made gains at the expense of conservatives, represented by a group known as the Assembly of Comhatant Clergy. This group had held a majority of

150-160 seats in the former parliament.

More than 32m people were entitled to vote in the race for 270 parliamentary seats. Political commentatora suggested about 60 per cent voted. Economic issues dominated

the elections. Public criticism had focused on soaring inflation, officially put at 54 per cent, and a stagnant economy. The husiness community, in particular, is critical of the government's top-heavy role in the economy.

By yesterday evening, the G16 was claiming it had won more than 65 of the 140 seats where results were known. Commentators in Tehran were

unsure, however, how many of This is due on April 20. these were outright wins. Traditional conservatives had won 35 seats ontright, 53 had lost their seats, and 21 have to contest a second round.

The only outright winner in Tehran, which returns 30 members to parliament, was President Rafsanjani's daughter. Faezeh Hashemi, who, like her father, is a strong supporter of economic adjustment and liberalisation. She was standing on the G16 list.

Observers said that her success, and that of the first ontright declared winner in Isfahan, also a woman on the G16 ticket, could encourage many women to vote in the run-off.

Mr Bijan Khajehpour, man-aging director of Tehran-based

Atieh Bahar Management Consultancy, suggested the moderates might ultimately emerge with enough seats, possibly 100, to form a loose coalition with independents, represented by provincial husinessmen and other individuals well known in their communi-

This might be enough to give Mr Rafsanjani the authority he needs to push ahead with reforms, and to ensure that his successor in presidential elections in August next year continues with his poli-

# **UN team searches Baghdad** building

United Nations arms experts found no prohibited documents or materials in a Baghdad government building searched over the weekend, Reuter reports from Baghdad.

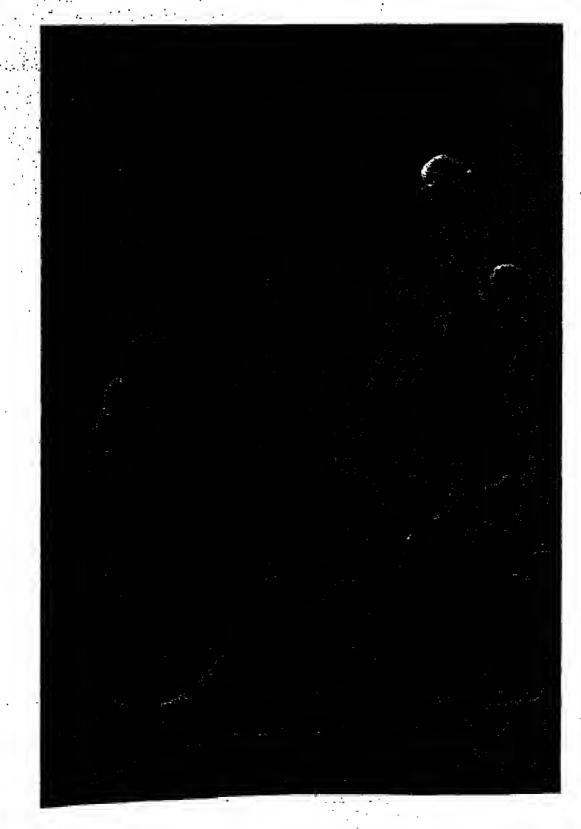
The UN special commission disarming Iraq searched the building housing the irrigation ministry, where they suspected Iraq had hidden documents related to its banned weapons. About 40 international arms experts were refused access when they tried to enter on Friday.

Baghdad later allowed them in after a claim from the Secu-

rity Council that Iraqi obstruction constituted a violation of ceasefire terms that ended the 1991 Gulf war over Kuwait.

The building was previously occupled by the FAO establishment, one of Iraq's largest state-owned companies, which spearbeaded the country's post-Gulf war reconstruction

Under the ceasefire Iraq has to rid Itself of missiles with ranges beyond 150km, along with the means to produce them. This is a precondition for the lifting of UN sanctious.



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INTERNATIONAL NEWS DIGEST

# China reforms to cost £39bn

Reforms of China's loss-making state enterprises, including the shedding of millions of surplus workers, would cost some Yn500bn (£39bn) during the next five years, according to the State Statistics Bureau. This is the first time China has put a figure on reforming the debt-burdened state sector and reflects the magnitude of the task facing Chinese policmakers.

The statistics bureau forecast reforms would mean shedding 8m jobs at a cost to the state of Yn160hn. The cuts would represent about 10 per cent of China's state-employed industrial workers. China would also earmark Yn280bn to strengthen the balance sheets of loss-making companies. These funds would go to 1,000 key enterprises singled out for special assistance. This will involve providing help, including deht forgiveness, low-interest loans and technical assistance, for enterprises deemed critical to the national interest, while allowing the rest to fend for themselves.

China has indicated that it will encourage mergers. acquisitions, privatisation or bankruptcy for enterprises that cannot make their way. The statistics burean report said Yn35bn would be set aside to off-set bad dehts of state-run firms to be declared bankrupt. Tony Walker, Beijing

### GE and RR plan aircraft link

General Electric of the US and Rolls-Royce of the UE are putting the finishing touches to arrangements that will see them working together to design and produce a new generation of engines for US military combat aircraft.
This would be the first substantial link between the two
groups since their civil engines alliance ended in 1987 amid

recriminations on both sides. The two have been brought together again by Rolls' acquisition for £300m last year of Allison, a US engine producer that already had joined GE to develop engines for the

US's Joint Attack Strike Technology (Jast) programme.
Rolls said yesterday it was "looking to formalise our relationship in the team lead by GE". An official said this could be "quite important" for Rolls, but only in the long term, because the new US combat aircraft were not expected to be flying until about 2005.

The GE team is competing with another US group, Pratt & Whitney, for Jast orders. They are to develop two engines, one a vertical take-off power plant. Rolls claims to be the only aircraft engine maker with experience of designing and producing such power plants. Kenneth Gooding, London

### Call for new Bangladesh polls

Bangladesb's main opposition leader yesterday urged the country's president to form an interim government and supervise fresh elections to end the country's two-year-old political deadlock. But Sheikh Hasina, head of the Awami League, said her party and two others would resume their "non-co-operation" campaign of strikes and protests within 24 hours unless Mrs Khaleda Zia, the prime minister, resigned and annulled last month's hoycotted poll, "We will call off all protests as soon as the caretaker administration takes

More than 70 people have been killed and over 1,000 injured in violent clashes since the February 15 election returned Mrs Zia's Bangladesh Nationalist party to power essentially unopposed. Clashes continued yesterday as President Abdur Rahman Biswas met Sheikh Hasina and other opposition leaders - at Mrs Zia's suggestion - for talks on the conflict. Mrs Zia has acceded to opposition calls that a neutral interim government hold fresh elections, but insisted this must be accepted by the new parliament. Sheikh Hasina says the opposition does not recognise the parliament and called an indefinite stoppage. Mark Nicholson, South Asia Correspondent

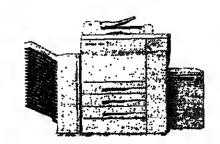
### Japan to cut drug prices

Japan is to cut official drug prices used to reimburse medical

The cut, announced on Friday, comprises a 6.8 per cent general price reduction and an average 1.7 per cent additional cut for drugs which bave posted unexpectedly high sales. The move is part of the government's effort to reduce the mounting health care bill borne by the state. Drug spending accounts for 30 per cent of Japan's Y27,500bn (£170bn) overall annual medical costs. The price cuts are aimed at reducing the

Y1.200bn in profits made by medical institutions which buy the drugs from wholesalers and pharmaceutical companies at discounts and are reimbursed by the state at official prices. Companies whose drugs have been targets of special price reductions include Ono Pharmaceutical, a company based in Osaka, which faces a 25 per cent price cut in Kinedak, a diabetic neuropathy drug which accounts for 24 per cent of its Emiko Terazono, Tokuo

> The Sharp SF-2050 copier. Think of it as a Porsche 911 for accountants.



The SF-2050, it's fast and sleek. And at a price information rall 0800 SHARP 262 958, quoting CFT 04. INTELLIGENT THINKING

# Cubans' nostalgia powers Florida politics

Patti Waldmeir meets exiles who are a voting force to reckon with in Miami's primaries

homesick for Cuba. He was not born there, bas never lived there and visited Havana briefly only once, But for all of his 34 years, Mr Duran, who publishes a Spanish-language newspaper for second-generation Cuban exiles, has felt what he calls "a profound nostalgia for Cuba". That nostalgia is a potent

force in the politics of Florida, which votes tomorrow along with six other states in the "Super Tuesday" presidential primaries.

It is also a sentiment which has mada Cuban-Americans one of the most solidly Republican ethnic voting blocs in the nation, a group with enormous rightwing clout and influence over US policy towards Cuba.

But it is also a sentiment which has sent men to their deaths: Carlos Costa and Mario de la Pēna, two of the pilots shot down hy Cuban fighter jets two weeks ago, were also born and bred in America. They were exiles, like the 700,000 other Cuban-Americans in south Florida - hut from a country they never knew.

For 37 years, Cubans have fled to Miami, political or economic refugees from Fidel Castro's communism. Now they have achieved critical Cuban-Americans

lfredo Duran is control municipal government homesick for Cuba. He - sometimes winning a reputatioo for strong-arm tactics - and dominate the city's culture. The psychology, the pace, the language and the body language of Miami are all Cuban. Spanish is spoken everywhere in the streets, and not just by those who sweep

> Miami is a powerfully insular ethnic enclave, where one can be delivered by a Cuban obstetrician, huried by a Cuban undertaker, and live the life between in a Cuban

> Unlike earlier immigrant communities. Cuban-Americans have fought assimilation. They came to America not to make a new life, but to wait for the restoration of the old one.

> Even after 37 years - years which have been good to the exiles, some of whom have become millionaires in Miami - America is still not home. Whether in working-class Hialeah, with its faded pastel bungalows and fenced untidy yards, or in opmarket Coral Gahles, with its hlend of American opulence and Spanish charm, the anger

Time has not mellowed their fury: each new wave of wretched indigents arriving on rafts, each new visit from

penniless relatives, has fuelled

Last month's loss of two unarmed Cessnas - flown by Brothers to the Rescue, an exile group which rescnes fleeing reingees from the waters off Cuba but has also dropped political leaflets over Havana - has given old ssions a new focus. Cuban-Americans nurture

exile like a wound which they continually re-open. The original wound expropriation of the petrol station or the grocery store, the cattle ranch or the sugar estate - is compounded by nostalgia for 1950s Havana, where tribal memory says the hreeza was cooler and the palms greener than in Miami. But the real wound, even for those who left Cuba as small children or were born in

country but of a homeland.
Otto de Cordoha is a successful Cnban-American lawyer with an elegant office overlooking a sparkling ocean: he left Cuba when he was four, remembers nothing about it. but still speaks with a slight Cuban accent and holds what he calls a "personal grudge" against Castro. "He took away

my patrimooy."

Mr de Cordoba would like to sue to recover expropriated family property, but even



Presidential candidate Steve Forbes, campaigning in Miami.

under the harsh legislation passed last week by Congress, this would be difficult, as It retrospective provisions. But most of all, he country," says Mr de Cordoba.

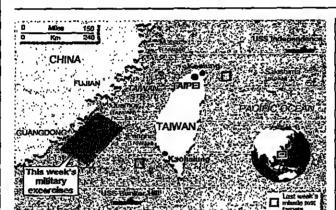
would like his homeland back He loves America, hut his feeling for Cuba is deeper still. "I would fight and die for this

That statement masks a crisis of identity felt by Cuban-Americans. Many say they do not even know where they wish to be buried, one Mianu banker spoke for many when she said she wanted her ashes strewn in the Florida Strait, between the two countries.

But Cuban-Americans will not always have the hixnry to avoid such choices. "People are waiting with a mixture of expectation and dread for the day Fidel falls," says Mr de Cordoba's brother, José. Then they will have to look in the mirror and say, 'what am !?" and decide whether to return

Survays conducted by Florida International University show that only 20 per cent of exiles plan to do so. Prof Lisandro Perez, an axpert on the exlle phenomenon, says returning is not the point. The goal of the exile community is to triumph over Castro, not necessarily in

go back." Most Miami Cubans dream of a day when they can make the island a second home; they talk of holding breakfast meetings in Havana - but returning to sleep in Miami. True to their entrepreneurial souls, all dream of the business opportunities in a capitalist Cuba. But everyone worries that the past they yearn for will turn out to be a foreign



# Chinese media keep up pressure against Taiwan

By Tony Walker in Beljing

China yesterday added weight to its campaign against Talwan with a hard-hitting newspaper commentary warning that Beijing would not hesitate to take military action to stop Taiwanese independence moves.

China also expelled five Taiwanese and Hong Kong journalists yesterday, accusing them of being near a sonth-eastern coastal area where the People's Liberation Army is holding military exercises.

We will do everything to safeguard the motherland's unity. We mean what we say," said the commentary, published simultaneously in the People's Daily, the Communist party newspaper, and Liheration Army Daily.

The joint editorial also said that Taiwan's drive to boost its international profile "will bring grave disaster to the 21m Taiwan compatriots, something we do not wish to hap-

The People's Daily commen-tary warned that the "true danger" to regional security lay in efforts by Taiwan's President Lee Teng-hui to promote "his independence policy" and "sabotage the motherland's reunification".

Three Hong Kong women authorities.

reporters, whose names and news organisations were not given, were expelled by China's Public Security Bureau officials in sonth-eastern Fujian province for violating the state security law, the official news agency Xinhua

reported. China earlier released from detention and deported two Taiwan television journalists accused of gathering military secrets in Fujian province.

The three from Hong Kong had been detained on Friday for cooducting illegal interviews in an area where the PLA was holding exercises. Xinhua said.

The PLA began missile tests on Friday, firing three M-9s into the sea near Taiwan. The Hong Kong journalists had flown to the provincial capital of Fuzhou last Wednesday, and admitted entering the exercise area to obtain information about the war games, Xinhua

The agency said they had confessed to stealing military secrets and had illegally videotaped part of a military exercise. Journalists are not allowed to report anywhere in China without obtaining permission in advance from local

# Jargon befuddles US investors

By Lisa Bransten in New York

When Boston Beer offered shares directly to consumers last year through coupons in its six-packs, it knew it had to make the offering documents simple enough for the average beer drinker to understand. But hy the time the lawyers finished filling the prospectus with legal jargoo to fend off potential lawsuits, some of the most salieot information was either hard to find or difficult to understand. So to help consumers, the company included a question and answer section to explain the offering in plain English.

"It was our way to deal with the com-plexity of the offering," says Mr Alex Gregory, one of the investment bankers on the deal and now in Boston Beer's investors relations department.

Now the Securities and Exchange Com-mission, which oversees the selling and trading of securities in the US, would like to see all prospectuses made simpler for investors to understand. A report issued last week by the SEC's task force on dis-

closure simplification made more than 100 recommendations to clarify disclosure materials it said were often "turgid, opaque and unreadable".

Among the recommendations were a simple question-and-answer section at the front of the document and the elimination of most legal warnings from the front

One reason for the often complex and over-inclusive documents is a US legal climate in which investors often sne investment banks if shares do not hold their value after an offering.

Mr Kevin Cramer, a corporate lawyer at Jones Day in Washington, agrees there is a problem with clarity, and acknowledges his prospectuses are not always as concise as they could be.

As an example, he says he often insists that clients include the following paragraph in offering documents: "There can be no assurance that the market price of the Common Stock after the offering will equal or exceed the initial offering price. Factors such as quarterly finetuations in

the financial results of the Company, announcements of new products ... by the company or its competitors, and general conditions in the Company's industry, its cnstomers' industries or the financial markets could cause the price of the Com-mon Stock to fluctuate substantially." He asks: "What are we saying? That prices will go up and down." But if the

each reason for share price fluctuation were eliminated investors could claim the company was not specific enough in its warnings. "The problem is how do you protect your clients ... in words that won't give rise to liability?" he says.

One hope is the securities litigation reform act passed at the end of last year in hopes of shielding companies and underwriters from "meritless lawsuits". But the legal community does not yet

have any experience of how much protection the new law will actually offer. Until then, Mr Cramer says he will continue to try to protect his clients, even if it comes at the expense of writing understandable

Colony's growth would be hit if US withdrew Beijing's MFN status

# warning on Chinese trade

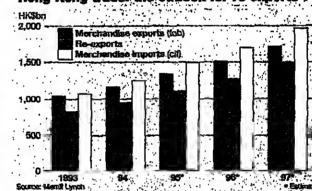
By John Ridding in Hong Kong

Hong Kong's economic growth rate would fall sharply if China lost its Most Favoured Nation trading status in the US. the Hong Kong government warned at the weekend.

Miss Denise Yue, secretary for trade and industry, yester-day left for Washington with the message that growth in Hong Kong's gross domestic product could be cut by 2 to 3 percentage points if China's MFN status was revoked. That compares with a trend for the annual growth rate of about 5 per cent.

The warning comes amid concerns in Hong Kong about trade relations between China and the US. It reflects Hong Kong's role as a processing port for mainland exports and as a regional bub for trade and related services.

Private economists said it was difficult to estimate the impact on trade flows of China's MFN status. But they agreed that the economic integration between Hong Kong Hong Kong trade: the outlook for re-exports



Kong's role as a trading hub, left it exposed to the MFN

"MFN renewal is a crucial element in the continued economic development of Hong Kong, particularly at this critical phase of the transition," said Miss Yue, referring to the colony's transfer from British to Chinese sovereignty in July

Trade disputes, including a

intellectual property rights, have strained relations between China and the US. Human rights issues in China have also clonded prospects for the renewal of its MFN status.

"We shall argue strongly that the MFN issue should not he linked with non-trade issues," said Miss Yue. She accepted, however, that the situation had become more complex this year as a result of rise by more than 10 per cent.

presidential and congressional elections.

According to Hong Kong government estimates, the revocation of China's MFN status could prompt a reduction of between 31 per cent and 45 per cent in re-exports from China to the US. That is equivalent to between HK\$66bn (£5.6bn) and HK\$96bn worth of shipments.

Together with other related trade flows, the government warned that the withdrawal of MFN status could lead to a reduction of 6-8 per cent in Hong Kong's ovarall trade, equivalent to between HK\$161bn and HK\$234bn. "There would be a further loss if China cut back on its

imports from the US as a result," said Miss Yue.
Hong Kong's budget for 1996-1997, unveiled last week, forecast real GDP growth of 5 per cent this year. Mr Donald Tsang, financial secretary, said much of the expected trade growth would come from re-exports, which are expected to

# Brittan challenges Asia to speed opening of telecoms markets

By Guy de Jonquières

The European Union will today challenge Asian govern-ments to show their commitment to their emerging political dialogue with Europe by pledging to open their telecom-munications markets more rapidly to international com-

Sir Leon Brittan, the EU trade cnmmlssioner, will rehuke Japan, Sonth Korea and south-east Asian countries which attended this month's Asia-Europe summit for drag-ging their feet in World Trade Organisation negotiations on

liberalising basic telecoms. "Not one of these nations has yet offered the kind of comprehensive, effective access to its market that we will need to make a success of the negotiations by the April EU had given developing coun-30 deadline," he will tell a tries an excuse for remaining tain whether it would move

group of business advisers in inflexible in the negotiations Brussels. hecause it was still not "There could be no better way of fleshing ont the new

Asia-Europe partnership than for all countries to sign up to an ambitious telecoms deal."

More than half the roughly 50 countries involved in tha WTO talks have yet to offer any liberalisation measures. Sir Leon will make clear that he considers most of the proposals on the table inadequate. His public efforts to speed the WTO telecoms negotia-

tions, which are accompanied with developing country gov-ernments, coincide with clear signs of US dissatisfaction with the EU's position in the Mr Jeffrey Lang, the senior US trade negotiator, said the

hecause it was still not pledged to abolish all restric-tions on foreign ownership of He said that if the WTO

talks were to succeed, Europe, Japan and other industrialised economies needed to set developing countries a good exam-ple by committing themselves to full liberalisation. The US is concerned that France, Spain, Portugal and Belgium still limit foreign

investment in their telecom-

munications industries. Some of the curbs are set to remain after 1998, when the EU is due to open its telecommunications market to compe-

Mr Lang said the EU had indicated that it was prepared to negotiate on the restric-

rapidly enough to ensure a substantial WTO agreement by the end of April. The US has offered to open

its telecommunications market fully to international competition, provided it receives satisfactory liberalisation commitof other WTO members.

Although Washington has not defined what that would

entail, it has said it wants a number of WTO members to improve their offers in the negotiations. They include Australia, Brazil, Chile, Hong Kong, Mexico, Poland, Singa-pore and Switzerland, as well as the EU, Japan and South Korea

The EU, meanwhile, has expressed doubts about details of the US offer, saying it still appears to contain some limits on foreign access to radio com-

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taverra, two awimming pools, a termis court, a biological treatment plant, a water
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massions centre, totaling 4,000 sq. metres. A despited description is contained in the
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# New law would aid EU financial institutions

By Allson Smith, Investment Correspondent

Continental European banks would be able to take over UK building societies under plans set to be unveiled by

the government next week. The proposal, contained in draft legislation on building societies, represents a shift away from existing law, which prevents a society's business being transferred to a foreign com-

It would offer European financial institutions another route into the UK personal finance market at a time when the UK mortgage market is showing signs of recovery after the

The government's proposais form part of a far-reaching revision of building society law due to be introduced in parliament in the autumn. They are aimed at giving societies more powers and requiring them to be more accountable to their members.

However, publication of the draft hill will highlight the growing split in the UK home loans sector between societies emphasising the benefits of being mutual organisations, owned by their savers and borrowers, and those which have become or are intending to become public limited companies. The government's plans are also directed at making it easier for societ-

economic recession of the early 1990s. ies to develop and combine as mutuals, without having to be taken over or to become hanks in their own

> They would allow societies to combine in a federation, in which each society remained independent, or through an arrangement allowing one society to own one or more others. A separate proposal, which would

enable a society to keep the name of another it had taken over, would help such deals by allowing the larger society to retain the goodwill associated with the merged society

Under the proposed legislation. financial institutions in the European economic area could gain entry to the UK home loan market through the that they will do so or have said they takeover of a society.

Several foreign banks sold home loans in the UK through intermediaries rather than branch networks in the mid-1980s. They subsequently pulled out of the market after the early 1990s recession. Recent recovery signs could now make the market a more attractive proposition, especially if the option of making an acquisition is more readily available.

Attention in the huilding society sector is already starting to focus on takeovers and acquisitions rather than conversions because most of the societies large enough to float on their own have already announced

PM faces fresh turmoil over Europe

have no such plans.

At the beart of the bill is a move away from the current prescriptive regime for societies to a permissive one. It would allow them to pursue a broader range of activities as long as their principal purpose was providing residential mortgages funded substantially by individual savers.

The consultation paper explains why the government does not intend to introduce new restrictions on what benefits can be paid to savers and borrowers in a takeover or flotation. The bill is unlikely to become law

party candidates at the next

election. Tory Eurosceptics

will have an early chance to

express their views on the

white paper on Wednesday in

an adjournment debate secured

by Mr Gill on the IGC.

The opposition Lahour

party may attempt to sabotage

the flotation of Railtrack hy

withholding details of its own

rail policy in the sale prospec-

tus, it emerged yesterday.

without at least a parliamentary

### UK NEWS DIGEST

# London training weakness shown

Managers of financial services companies in the City of London are guilty of arrogance and "training phobia", and have received insufficient training according to a survey

published today by Mori, the polling group.

It found that about 40 per cent of City financial organisations spend 2 per cent or less of their annual turpower on training. Of the remainder, 82 per cent did not even know how

much money they spent on training.

Mr George Alford, deputy chairman of Cilntec, the Training and Enterprise Council (Tec) which produced the report, said "more than one in four senior managers believe external training could not teach them anything new". Only 7 per cent thought they would benefit from training on

the subject of how to manage their staff, while only 10 per cent had attended as many as three training courses in a year.

Mr Alford, who is also head of private banking with Kleinwort Benson, the investment bank, said the problem was not unique to the City. But vocational training was particularly important in service industries where there was usually less technical training, he said.

John Authers, London echnical training, he said.

### Internal battle for investment

Most English local authorities regard neighbouring regions -rather than other areas of Europe - as their principal source

of competition for inward investment. An analysis of inward investment activity among local councils by Ernst & Young shows that on average 75 per cent of investment inquiries come from other UK regions, indicating a high level of dissatisfaction with existing locations. France and Germany are regarded by local authorities as the biggest competitors elsewhere in Europe. Michael Cassell, London competitors elsewhere in Europe.

### Charities' income at record

The income of Britain's top charities rose to a record £9.96bn (\$15.26bn) in the 12 months to June 1994, according to the latest available figures. The period covered precedes the launch of the National Lottery, which charities say has

affected discretionary giving.

According to the 1996 Henderson Top 2000 charities guide, public grants and fees remained the largest single source of income for the sector, amounting to £2.7bn during the year, up from £2.6bn. Donations from the UK's 50 top corporate donors rose by £17.5m to £211.4m. Charitable giving by all listed companies amounted to £251m. Glazo Wellcome was the biggest donor with £21m, while the biggest rise in community involvement came from Thorn £MI, the entertainment group, which increased donations 171 per cent to £9.5m.

The biggest falls in corporate donations came from British Gas, which cut community involvement from £2m to £1.8m and media groups News International, which dropped from £1.9m to £800,000, and Pearson, which owns the Financial Times, from £1.27m to £730,000.

### Football rivalry hits cereal sales Fierce football rivalry has led to a slump in sales of Sugar

Puffs in a soccer-mad city in north-east England. Sunderland supporters boycotted the cereal after Newcastle

# Japanese tool maker set for plant expansion

By Peter Marsh

Yamasaki Mazak, the Japanese company that is the world's second biggest machine tool producer, plans a new phase of expansion at its European manufacturing operation based in Worcester.

The company is planning a multi-million pound investment to expand capacity at its Worcester plant by about 20 per cent from this summer. immediately after a £9m (\$13.8m) investment plan. already in train, is completed.

The new expansion project is thought likely to push annual output of machine tools from the Worcester operation to up to £200m in about two years' time - consolidating the factory's position as one of Europe's higgest machine tool plants.

The plan by the privately owned Yamasaki marks a strong show of confidence by the company in the prospects for machine tool sales in Europe - which are slowly recovering after a poor phase io the early 1990s, linked to the weakened economic conditions across the continent.

It is expected that the new investment plan, to be finished by mid-1997, will create about 50 new jobs on top of the 400 already employed in Worcester, up by 100 from a

Yamasaki does not reveal its annual worldwide sales but industry estimates put these at about \$730m (£474m) in 1994, making the company the second biggest machine tool producer after Amada, also of Japan. About 85 per cent of the Worcester plant's output is exported, mainly to the rest of

and Germany - which represent two of the big European markets for machine tools - were relatively weak hut this was more than compensated for by growing demand for machine tools in countries such as Italy. Spain and the former communist

Worcester plant was likely to switch some exports to south-east Asla and North America after several years in which it had stopped making tools for these countries.

Europe,
Mr Elmar Barz, director of
Yamasaki's European
operations, said sales to France

nations in eastern Europe. Mr Barz also said the

The costs of the new expansion at Worcester, one of the few production operations in Europe run by a Japanese machine tool company, bave not heen revealed hut are thought likely to be about £5m.

### Speaking on BBC Televi-sion's On the Record pro-

Mr John Major, the prime minister, was warned yester-day that he faces renewed Tory turmoil over Europe, if the white paper on Britain's approach to the EU's intergov-ernmental conference does not demand a substantial clawback of power from Brussels.

Conservative Eurosceptic MPs warned Mr Major that they would vote against the government in a debate on the paper, due to be published tomorrow, if it did not measure up to their demands.

Mr Christopher Gill, MP for Ludlow, said: "For a long time now, it has been thought that , and others, would be satisfied with rbetoric. We are past that stage now. We want to see the beef."

Property Correspondent

Citibank has drawn up a

shortlist of three potential sites

for its new Loodon headquar-

ters and is expected to make a

The US bank is considering

Canary Wharf, the hig office

development in Docklands;

Baltic Exchange, a City devel-

opment site owned by Trafal-

gar House; and the proposed

second phase of London Bridge

City, an office complex on the

south side of the River

Thames,

final decision this month.

gramme, Mr Gill and his Eurosceptic colleague, Mr Bill Cash, warned that the government could not count on their support when MPs debate the paper next week.

A Tory rebellion is likely,

since hardline MPs are

unlikely to be satisfied with a paper which is expected to propose only a modest diminishing of the EU's power. The paper will attempt to strike a balanced position, setting out the benefits derived from Britain's membership of the EU and calling for an expansion of the union to the east.

Eurosceptics will approve of the commitment to defend Britain's veto and control EU spending, hnt will be disappointed that the paper will suggest only minor reforms to the

its search has revived fierce competition for tenants hetween the City, the tradi-

tional home of London's finan-

cial services industry, and

Last year Barclays de Zoete Wedd, the investment banking

arm of Barclays Bank chose to

banks - Deutsche Morgan Grenfell and ABN Amro -

have since chosen to build new

offices within the Square Mile.

the City's local authority, is

trying to ensure that the Baltic

The Corporation of London,

Two continental European

move to Canary Wharf.

Canary Wharf

powers of the European Court, and no repatriation of power opposition from Mr Kenneth Clarke, the chancellor. A referendum pledge would from Brussels. also spike the guns of the husinessman Sir James Goldsmith, who plans to field Referendum

Mr Cash, MP for Stafford, said: "It is absolutely essential that there are reductions of competence - in other words a rsduction of the degree of European government.
"It is not enough just to

throw a few tithits. It won't work hecause it would be a failure of political will and a failure of political leadership." Mr John Townend, chairman of the rightwing 92 Group, said the government could not

count on his support. "My first responsibility is to Britain and the nation state." he said. Mr Major is preparing to appease the party's sceptical

The government hopes to publish a prospectus later this month with a view to floating Railtrack, the owner of wing by offering a referendum hefore Britain's entry into a Britain's track, signalling and stations, for around £1.5-£2bn single currency, hut in doing so he will have to overcome

Exchange site can satisfy Citi-

bank's requirement for 400,000

so ft of space including large

trading floors. Trafalgar

House's existing planning con-

seot covers only 350,000 sq ft.

working with Corporation planning officials and English

Heritage, the government

agency responsible for historic

huildings, on alternative plans.

Existing proposals involve preserving the old Baltic Exchange huilding, which is

listed hut was hadly damaged

by an IRA bomh in 1992, within

a new structure. More office

The developer has been

Citibank closes in on new HQ site old building was moved to a new site. There is no guaran-

tee, however, that the US bank will choose the City. Canary Wharf is owned by a consortium of investors inclod-ing Prince al-Waleed bin Talal bin Abdulaziz of Saodi Arabia, who is also a big shareholder

The hank's biggest central Londoo building is already on the first phase of London Bridge City, which is owned by St Martin's Property Group, part of the Kuwaiti Investment

NA THE PLANT

United's manager Kevin Keegan promoted the virtue of the breakfast cereal in a TV ad, complete with the Honey Monster character dressed in a black and white shirt. Stores in the red and white city reported falling sales as

rumours spread that fans had banned the cereal from their nomes, Quaker, the makers of Sugar Puffs, were unavailable PA News

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Norbart Blum, the Bonn government's feisty labour minis-ter, first cracked the joke about ter, first cracked the joke about Germany having the youngest pensioners and the oldest students. But for those involved in higher education, the high age of graduates and the length of time taken to obtain a first degree have long since ceased to be a laughing matter.

Germany's eternal students are

Germany's eternal students are just one among many symptoms of a higher education system in crisis. At first sight there is a chronic imbalance between the 1.9m people registered as university students and the 970,000 places officially available to accommodate them.

Horror stories abound of uninspiring professors lecturing to overfull halls containing 600 or more full halls containing 600 or more students. The percentage of students who break off courses without sitting an exam is high: 28 per cent. Higher education, which is primarily the responsibility of the lander, or federal states, is under contains financial pressure as state

their budget deficits. There is broad agreement on the part of the Bonn government, the länder, the universities and businessmen on what is wrong with higher education. But this does not yield easy solutions.

A special difficulty caused by data protection laws is that few education statistics are more recent than 1992. Those for that year show that the average German student had studied for nearly seven years and sat his final examination at the age of 28.33 years.
A stroll round a university town

such as Bonn suggests that little has changed since 1992. At present, 10,000 of Bonn university's 36,000 students have been registered for at least 12 semesters - six years.

growing financial pressure as state stances to explain the ripe old age governments struggle to control of German undergraduates. Con-

# Eternal students earn wan smiles

### DATELINE

Bonn: Germany's system of government makes a

solution to its protracted higher education crisis difficult, writes Peter Norman

scription raises the age of university entry for some. The university rectors' conference (the university lobby group) estimates that nearly 40 per cent of students now enter university after completing voca-

tional training, against only a quarter in the late 1970s. And the final examination is in most cases of s fairly high standard: the federal educatinn ministry reckons that the German diploma is of a master's standard rather than equivalent to the batchelnr's degree in UK universities.

But the education ministry in Bonn says that four years should be enough to get a diploma in most disciplines, with five years for some sciences. The 1992 figures, showing that the average length of study had risen by mnre than a year since the 1970s, suggest that other

things are going wrong.

Many of the problems are in the universities themselves. There is often a mismatch between what is taught at school and the university course. That makes chopping and changing courses in the early stage

Lack of organisation in universities makes the life of new arrivals especially fraught. For many freshers, the first semester at a German university is spent learning bow the place works - usually by trial and error.

The attitude of professors and other teaching staff does not help. Research carries much more kudos than lecturing. There has also been a sharp increase in the university student population, with an estimated 35 per cent of school leavers ending up at university against 22 per cent in 1982.

That means over-crnwding, although it is probably not as bad as suggested by official figures. The 970,000 places said to be available is a notional figure devised in the 1970s. In addition, a substantial if unknown number of registered stu-

of a university career quite normal. dents do not study at all. Their incentive to free-load is considerable: fees for courses are low about DM80 (£35.20) a semester while the financial benefits accruing through cheap fares, concerts and health insurance total an esti-

mated DM1,200 a year. But for genuine students, financing study is difficult. Some 26 per cent of them make use of government loans for at least part of their needs. A recent survey suggested that 45 per cent rely mainly on parental support. But a good 30 per cent are working their way through university. Such "jobbing" can prolong their studies. It also contrib-ntes to a high level of late drop-outs. Haidelberg university recently found that about 20 per cent of science students broke off

their studies after eight semesters. Yet many of these will have

found permanent jobs. There is no stigma attached to joining a company without a diploma. Some employers prefer to hire pre-graduates because they regard university courses as too theoretical.

Eternal students need not be a permanent feature of the German university scene. The Netherlands bad a similar problem and bas largely solved it by introducing financial incentives for universities to complete courses quickly.

But Germany is a federal country and its system of government is a chief reason wby the problems of higher education are so intractable. The 16 länder are mainly responsible for the universities, and traditionally move in consensus with

the federal government.
The länder and Bono reached agreement in 1993 on what needed to be done but failed to settle the question of bow to finance the reforms. That failure means there is still no clear programme for solving Germany's higher education

### PEOPLE

# Lloyd's at a crossroads

### Ralph Atkins on a farewell to limbo

or Disgusted of Detroit, Wealthy of Woking and Broke of Berkshire, the phone-lines are open. rida Name, insists: "You need to deal with the history, get the organisation out of the litigation and all that, and go forth and do business." are open.

At 8am today, 30 Lloyd's of Loninvestors - or Names - on state-ments which were dispatched last

ting up the free helplines, expects many to be positive - but is trained for the worst. "Some Names will just ring up to sound off," she says. "We have vast amounts of experience with Names who have been abusive or upset. Their reactions vary.

The response she receives - once the four-page "indicative finality statements" and 47-page accompanying guide have been digested will be important. If Lloyd's is to . survive in anything like its current form, the 300-year-old insurance. market must win support from a significant majority of Names.

If the deal is confusing, however, the mindset of the Lloyd's community is still more perplexing.

In one camp, much huffing and puffing - and angry phone calls - are expected. Christopher Stockwell, chairman of the Lloyd's Names' Associations' working party, representing militant lossmaking Names, says: "Substantial numbers of people are going to be appalled at bow much money is going to be required of them. There are a lot of people, who were not rich . . . who went in on the back of bank guarantees, and they are going to be ruined."

Other Names are simply fed up. "It really is going to be a relief to get the numbers," says ona London Name. "You can go to the bank and say. "This is really the last lot"."

In another camp are enthusiastic supporters. Harry Teasley, soft drinks company executive and Flo-

If the recovery package succeeds, don staff will start taking calls from not only would thousands of Names be free to resign from Lloyd's but a Friday and, for tha first time, tell all s4,000 of them what Lloyd's complex recovery plans means to them.

Teaslay says: "You just can't let Lloyd's stay in this limbo land."

Others are not going to let Names who have stopped underwriting including the big lossmakers - grab all the headlines. Nigel Hanbury, a director of Falcon members' agency, which handles Names' affairs, says: "The sleeping giant of the on-going Name is going to wake up on Mon-day and scream and demand to be attended to."

If obviously wealthy Names, who have deliberately walked away from meeting losses, are being subsi-dised, says Hanbury, he would like to see their names in print. "I know it sounds vindictive, but it would produce a lot of money.

The difficulty is in distinguishing posturing from genuine grievance. The process is still at the negotia-tion stage. Last Friday's statements were merely indicative; final numbers will not be agreed until May.

The plan's complexity does not help. Lloyd's is bringing together outstanding liabilities on old policies - including massive US polln-tion and asbestos-related claims and requiring Names to pay to have them transfered into a new insurance company; Equitas.

To soften Equitas bills and end litigation being pursued by lossmaking Names for damages, there is a £2.8bn settlement fund, split according to Names' individual cir-

Few will receive cheques, but Lloyd's says nobody should have to pay more than £100,000 once funds deposited at the insurance market



Substantial numbers of people are going to be appalled at bow much money is going to be required of them

Nevertheless, after five years of horrendous losses totalling more than £8bn, and with more unreported amounts still to feed through, a statement stating precisely how much a Name has lost in total "could knock a lot of people", according to Robert Miller, of the Association of Lloyd's Members.

"Names will distrust the statements because they don't understand them." says a lawyer. "Some figures will be wrong. I don't really blame Lloyd's, because this is just so mind-boggingly complex. Perhaps you just have to go through this process to harden people."

It all amounts, says Damon de Laszlo, chairman of the Feltrim Names' Association, to high-stakes "brinkmanship" by those at Lloyd's who could increase the £2.8bn settlement pot - including the managing agents which run syndicates. It would be mad if the plan

Lloyd's has not got it's act together," de Laszlo says. Lossmaking Names are not going to roll over. In the US, militant Names have launched a legal cam-

failed. If it did, it would be because

paign alleging Lloyd's breached securities laws by selling investment in the market. Cases are pending in California, Missouri, Colorado and elsewhere.

Richard Rosenblatt, of the American Names' Association in California, says: "There are so many venues - state courts, federal courts, bankruptcy courts, probate courts - that [US Names] don't feel anyone is breathing down their

Such battles and brinkmanship will be played out at Lloyd's, in courts and in newspapers, until voting takes place in July. "We're all playing a game of chicken," says one council member.

Final decisions by individual Names will not be taken lightly. Robert Saunders, bead of insurance at Smith & Williamson, the accountancy and banking firm which advises Names, reckons he may need a bed-roll in the office this week. "This is the most important point in the market's history. This is the crossroads of destiny.

# IN THE NEWS

### Harf bounces back to acquire Rimmel-Chicogo

Peter Harf does not often stumble, so when be did recently there was plenty of speculation about what might be in store for the boss of Benckiser, the acquisitive German consumer products group, writes Michael Lindemann in Bonn.

His tussle last January for control of Maybelline, the second biggest US cosmetics company, saw him pipped at the post by L'Oréal, the

French company.

Admittedly, L'Oréal is the world's largest cosmetics group, with far greater resources than the family-owned Benckiser. Even so, Harf has never lost out since starting his buying spree in the late 1980s and turning Benckiser into a company with sales of DM4.8bn (£2.1bn).

Harf, 49, bounced back last week to buy Rimmel-Chicogo, Unilever's mass market cosmetics business, for about \$130m. And, he insists, the Rimmel-Chicogo deal was not "some act of spite" following the Maybelline sethack.

The game is far from being over," said Harf in a telephone interview from his New York office. where ba spends about half his time. "We have a very robust long-term strategy which concentrates on mass cosmetics. We already make plenty of money in that business, and we will continue to grow aggressively."

What observers are asking themselves is how aggressively Harf, who used to be a consultant at Boston Consulting Group, can keep growing, especially since several of his top managers have recently left.

Even though the company reported improved net profits of about DM100m last week, its return on sales does not look promising, especially compared with larger rivals like Procter & Gamble. On top of that, Beockiser is still lugging debts of DM1.5bn, reduced but still high in terms of sales.

The family, it seems, is boping that Harf will temper his acquisitiveness and consolidate existing businesses. That, bowever is something that Wirtschaftswoche, the German business weekly. advised him to do in 1991. There is no sign that Harf even listened.

### Heads swivel to see James Packer

If there is one thing that can be expected from Australia's Packer family, owner of some of the country's biggest media assets, it is reluctance to talk to the media, writes Nikki Tait in Sydney. So when Kerry Packer, the 58-year-old businessman often thought of as Australia's richest man, said be was stepping down as chairman of Publishing and Broadcasting, the family's main listed company, and promoting his 28-year-old son to managing director, be did so via a brief paragraph in PBL's formal earnings release.

Yet James Packer, 28, has been groomed for the role all his working life. After school - at Sydney's Cranbrook - be served a year as a jackeroo on one of the Packers' cattle stations. Then be had a decade's training within the family's businesses, moving from magazines sales rep to a director on the PBL board.

PBL's new managing director has not been invisible, at least to Sydneysiders. Some glamorous girlfriends – including Jennifer Flavin, a US model, and Deni Hines. a rock singer - have ensured plenty of pics in society columns.

James's property market dealings have also caught the eye. He shrewdly turned several dilapidated inner-city warehouses into fashionable Manhattan-style apartments in the early 1990s, and is seeking to redevelop a site nn the famed beachfront at Bondi, where he lives. The local council is not enthused, but this may not deter James. Controversy and the Packers go hand in hand.

### **Robert Chote** · Economics Notebook

# The woe of state and marriage

Labour modernisers have revived a disquieting debate. But it is one thing to preach marriage as a fine institution, another to propose using taxpayers' money to bribe people into it

clude. They even argue that it is reasonable to subsidise married The idea that the state should offer grants or loans to encourage marpeople at the expense of singles. riage has a long but somewhat disquieting history, having been espoused during this century by Many advocates of policies to promote marriage would argue their case from a purely moral characters as diverse as Beveridge. Hitler and Marshall Petain. It is standpoint. But taxes and subsidies one thing to preach that marriage have economic costs, so does marriage bring with it any economic is a fine institution; it is quite another to propose using taxpayers' money to bribe people into it. benefits that might compensate? Professor Kermit Daniel, of the University of Pennsylvania, argues

This debate was revived last month by *The Blair Revolution*, a book by two influential "modernisers" in Britain's opposition Labour party. The authors, Peter Mandelson and Roger Liddla, suggested that newlyweds should receive a means-tested loan of up to £5,000 paid for by increasing inheritance tax for the wealthy. Marriage bas been in steady decline since the late 1960s in

Britain, a trend mirrored in the US and elsewhere in Europe. During that time the left has been reluctant to identify this as a problem. for fear of being thought socially conservative and behind the times. But as successive electoral defeats have dragged Labour rightwards. its leaders have been happier to embrace the dubious rhetoric of "family values". Mandelson and Liddle are una-

pologetic. They argue that marriage is important both as a social institution in which to bring up children and as an economic institution which should share the costs of caring for young and old, a task the left previously saw as the province of the welfare state.

"Committed relationships and marriage itself can and should be strengthened directly by public policy," Mandelson and Liddle con-

that it does. He believes that marriage raises productivity by allowing specialisation of labour within the family. Where couples are concerned, he maintains, the whole is greater than the sum of the parts.

He argues that productivity might rise becausa one partner assists the other's work directly. acts as a "sounding board", organises activities or performs housework or chores that increase the other's effectiveness at work. One partner may also take more of the burden of childcare, helping the other to perform better at work. If marriage increases productiv-

ity, the labour market should reward it with higher wages. Prof Daniel investigated this by looking at the histories of a sample of US men and women aged 14 to 21 in 1979. He eliminated the effects of age, education, employment history, health and job attributes to isolate a "marriage premium".

Depending on their race and gen-

der, Prof Daniel found that married people earned on average up to 6 per cent more than their single counterparts. For those who divorced, this premium shrank gradually as the date of dissolution drew closer - presumably because the efficient division of labour was

progressively breaking down. Needless to say, the precise fig-ures calculated for the marriage premium should be taken with a pinch of salt. The premium might be underestimated, for example, if the stability of people's employ-ment history is determined in part by their marital status. On the other hand, the premium might be overstated if it is explained in part by intangible factors that make someone both a good worker and a good spouse. These might include loyalty, dependability, diligence

and physical attractiveness. Let us assume these factors offset each other and that there is a marriage premium of about 6 per cent. Just because marriage increases productivity, that does not provide grounds for the state to subsidise it. That would only be the case if the marriage premium was too small to reflect fully the increase in productivity. But direct

studies of what determines productivity suggest married men are 5 to 10 per cent more productive than single men. This implies that the labour market is already efficient in the way it rewards people for getting married. So marriage subsidies would generate few spillover benefits for the

economy. They would also have the undesirable effect of reinforcing traditional gender roles within marriage, because the premium is larger for men than women. Discrimination means that men earn more than women in similar jobs. So if a married couple are trying to maximise thair joint

income, it is rational for the busband to concentrate more on paid than unpaid work, relative to his wife. The expectation that this will be the case also encourages women to build up what Prof Daniel calls "augmentation capital" before marriage, preparing for a life of non-

paid work at home. But another argument for subsidy is that society benefits from having children brought np by married parents. As Patricia Morgan has argued: "Children of nontraditional families have higher rates of mortality and morbidity, are more at risk of abuse, more likely to become delinquent and go into care, and more likely to become involved in crime".

However, as so often in economics, it is important to distinguish the average from the marginal. Children of married parents may on average do "better" in some sense that those of single parents (although cause and effect are ambiguous). But that will not necessarily be true of children whose parents have only married to qualify for an artifical financial incen-

To prevent fleeting marriages of convenience, subsidy schemes would also have to contain some incentive to keep couples together. They would further stigmatise single parenthood and, at worst, could place more pressure on women to remain in abusive relationships. More generally, it is surely better for children to have amicably separated parents than to be brought up in a nuclear family where the adults are at each other's throats.

Mandelson and Liddle'a proposal has been greeted with considerable scepticism, but New Labour's willingnesa to pander to populist authoritarianism suggests we may not have heard the last of it. With lnck, bowever, the party will realise that it has better things to do with scarce resources than engage in misguided social engineering.

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Sir Ronald Hampel wants wide-ranging talks on the issues of governance, reports William Lewis

# Guide to the great 'untouchables'

great debate involving British business will take place during the next two years if the hopes of Sir Ronald Hampel, chairman of the City of London's corporate governance study group, are met.

As chairman of the Hampel committee, the successor body to the Cadbury committee - which published its report on governance in December 1992 - Sir Ronald has called for a "full and frank" debate on the structure and workings of corporations in the UK and how they interact with sharebolders.

Sir Ronald wants to tackle issues described by another committee member as "the great untouchables". They include the UK's unitary board structure and the responsibilities of UK shareholders.

However, after dealing with these subjects, it appears that Sir Ronald's intention is for them to be left untouched. "I need some convincing . . . that the basic system that has developed in this country of inside and outside directors can be much improved on." Sir Ronald said recently. "I have no wish to produce an earth-shattering report.

So why has Sir Ronald made his call for a wide-ranging debate? One explanation is that it provides a necessary carrot to attract the sort of high-calibre industrialists who might otherwise not bave bothered to sit oo his committee.

Another lies in his bope that the work will lead to a change in the public's view of British business, damaged by the long-running controversy over executive pay at privatised utilities.

Those with more radical corporate governance agendas, however, should not be put off by Sir Ronhe may intend that the committee should make only limited recommendations, others in the group appear to take a different view.

"It is also possible that in the course of this great debate Sir Ronald may see the light," a member says. "Don't forget Sir Ricbard Greenbury set out to do nothing, and look what happened to him." (A reference to last year's tough recommendations on executive pay made by the committee chaired by the Marks and Spencer chairman.)

Hampel's findings, due to be published at the end of next year after a period of consultation, are likely to be implemented through the amendment of Stock Exchange rules or possibly through legislation. Drawing on Sir Ronald's public comments and private conversa-

tions with other-committee mem-bers, here is a guide to the Hampel committee debate: · Structure of the board. Traditlonally this has been the most untouchable issue of all, with the

City almost unanimous in defence of the unitary board against other structures, such as two-tier boards. However, Sir Ronald wants the pros and cons of the UK's system,

ompany chairmen could learn a trick from Sir

Richard Greenbury. Not

bow to talk. Last week be was quoted as saying: "It would have been difficult to get it more wrong".

That was an exemplary compared to pay top people. But about and achieving "organic" growth, as if it were gardens rather than commerce that was under discussion.

Moreover, not one of the

about bow to sell under-

from someone in his position. First,

most of the words contained no

more than one syllable. Second,

there was no jargon. Third, the

meaning was quite clear. Fourth,

and most remarkable, the statement

was an admission of blame. Admit-tedly. Sir Richard was referring to

Marks and Spencer's unhappy Canadian chain, which was finally

sold last week. But still it was an

admission. Far from making him

look culpable, the statement makes

him look credible. Shareholders are

not stupid: companies that occa-

sionally accept blame are more

likely to be believed when they

Contrast his remark with the

start claiming the credit.



pared with other options, such as the German supervisory board, where directors are appointed to oversee senior executives' work.

For change: Academics such as John Parkinson of Bristol Univer-sity, who says: "There is a great deal to be said for a supervisory board." Other supporters include the Labour party, trade unions and executives at a few public companies, who privately express backing, Against change: Most large public group leaders. Tim Melville-Ross, director-general of the Institute of Directors, rules out change, "The

German system is not necessarily

all it is cracked up to be," he says.

"UK companies effectively have a two-tier board structure anyway." • The role of non-executive directors, Following Cadbury and Greenbury, non-executive directors now have much greater responsibility. As well as advising on company strategy, they are expected to act as company policemen, examining the activities of executive directors across a range of areas.

Some suggest that these two roles are no longer compatible and a third type of director should be cre-ated, perhaps appointed by large institutional shareholders to paying them in shares.

obscure nonsense talked by com-

pany chairmen last week as they

announced their 1995 profits. All

week we have heard about how

admit to having put a foot wrong

last year. Those announcing lower

profits relied on tired old clichés to

explain their performance: "It was a

year of consolidation . . . it is very

difficult to create any competitive

advantage in this market . . . con-ditions remained difficult . . . it

was a difficult year . . . market conditions were sbarply adverse".

Nowbere in this is the slightest hint

that there could be a link between

profits and management endeavour.

There is no less waffle and hum-

bug when the time comes to assure

shareholders that the future is

bright. "We are well placed to take

advantage of an upturn" was the

most commonly used phrase. IBM

ties and Exchange Commission in the US, who sits as a non-executive director in the UK and US. She backs payment of non-executives in shares, as well as the creation of a new class of non-executive director to play a "quasi-regulatory" or policing role at public companies.

This third class of director should be paid a flat fee, she argued at a recent loD conference. Melville-Ross is keen on share payment, too.

Against change: The majority of

### THE CADBURY CODE

- Clear division of responsibilities at the head of a company . Sufficient number of independent
- Terms of executive contracts no more than three years : Audit committee with at least

non-executives -

Compliance with code to be stated in annual reports plain that fund managers fail to

shareholders, have led to calls for

fund managers to be more account-

able for how they vote.

Pension scheme trustees comcansult about how to vote at com-pany meetings and often do not bother voting. There have been calls for them to be forced to vote and disclose their decision. The role of company meetings is also to be discussed, with most businesses sceptical about their benefits for the

### THE GREENBURY RECIPE

- . Full disclosure of directors' pay packages, including pensions
- Shareholder approval for any long-term bonus schemes ·
- Compliance with code to be stated in annual reports
- Privatised utilities to review directors' pay packages
- Government reform of ... taxation of share options.
- Avoid contracts longer than two years . Non-executives only on.

remuneration committees: companies and executive directors. majority of shareholders.

> ers to receive tax inceotives to encourage them to hold shares for longer periods. The favourable treatment institutional shareholders receive compared with individu-

easier for small shareholders to out forward proposals at company meet-

The Labour party, which could be in government before the committee's two-year brief comes to an end, wants to make it the duty of institutional shareholders to vote at company meetings, a reform that would affect pension funds which have a patchy voting record.

Against change: Fund managers

do not want legislation on voting. Most companies will be reluctant for shareholders to get involved in the running of their businesses. · Review of Cadbury committee

Sir Ronald argues there is a strong case for allowing smaller public companies not to comply with certain Cadbury rules, an argument supported by Sir Adrian Cadbury, the Cadbury committee chairman. Sir Ronald is also keen to rein-

force the case for broad, Cadbury type principles, rather than specific regulations. At the very least, he wants the committee's report to point out that many Cadbury rules are voluntary, thereby reducing the pressure on companies to comply. Another question is whether gov ernance structures should apply to

companies in different sectors. For change: Industrialists such as Sir Ronald and Sir Stanley Kalms. chairman of Dixons, would welcome reduced levels of compliance. Sir Stanley lobbied to halt the Hampel committee. "There are too many rules already," he said.

directors, to be discussed and com- former commissioner of the Securi- tors were defeated by institutional holder Association, want it made nance activists oppose weakening their auditors every five years.

British Airways' plan is that the

company is pretending that its TV

will be objective: during strikes

the Cadbury rules. Fund managers say they have helped them put difficult questions to managers and get things changed.

• Greenbury report. The Hampel committee is to look at the effects of the new Stock Exchange rules governing executive pay introduced after Greenbury.

Sir Ronald argues that the rules mean companies have to reveal too much and that there is a strong argument for reducing disclosure. Hampel may also be called on to adjudicate in a row over the method companies use when disclosing directors' pension entitlements.

For change: With the first set of Greenbury-inspired annual reports due for publication shortly, the Hampel committee will be abla to judge the success of increased disclosure rules on the basis of two years' accounts.

Directors of public companies. including those sitting on the Hama reduction in the extensive Greenbury disclosure requirements. Some have cited personal security as a strong reason for curtailing what they now tell shareholders about

Against change: Shareholders are likely to welcome the improved disclosure and voting rights and will resist weakening of Greenbury.

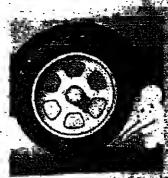
• The role of auditors. Few committee members are sure what discussions will focus on. One possible issue is whether accountancy firms should act as auditors and consultants to the same company or whether such cross-overs limit auditors' independence

Should auditors also be responsible for stating the degree to which companies comply with Cadbury and Greenbury or leave that to directors? Should executive directors appoint anditors or leave it to non-executive directors sitting on main board audit committees?

For change: In January, the Auditing Practices Board, the audit profession's regulator, made one of the first submissions to the Hampel committee. It said that consultation had revealed "strong reservations" about the Cadbury code's recommendation that directors should indge the effectiveness of a company's internal financial controls.

Cadbury recommended that directors should report on the effective ness of controls and auditors should report on their assurances. Current guidance stops short of insisting that directors give such an assurance - although it does invite them to give an opinion if they want to. Most auditors advise directors not to, saying it is too dangerous.

Against change: Auditors earn large fees from spin-off consultancy work and will resist anything that recommends they should confine their activities for clients to one type of work. They will also want to avoid any changes to the way they are appointed and reappointed as companies' auditors. Soma shareholders have suggested that busi-



### FAST TRACK Infoni

example of the "third generation" of the Internet from the end of last ye French have been able to mecribe to their own

with the help of high resolution images and sounds.

Michel Perring deputy general manager of Infome, argues that the Internet is traditionally a text-based system, largely absolt at professionals.

placed the emphasis on communication. He says his service is designed to go further, offering the general public a more visual, interactive format with a focus on content of quality, combining the best of the "web", interactive television and the country's Minitel based information

After carrying out market research, the company discovered that potential customers were frustrated with the Minibel system, which charges rates based on the amount of time spent, on line. So it opted bustead for white mithly fee, pink local telephone charges. For FFr149 (£19.12) a month

subscribers can receive s 120 services, from home shopping to news and information; as well as access to the Internet's e-mail service. For a further FR-50, they can tapping into the rest of the Internet.

Perrin says agers will be able to inspect pictures of boudquest of flowers before undering them by credit card, or listen to specific compact distance deciding whether to buy them. He believes that while many people initially flirt with the internet, most will be satisfied with the basic infonic services

and its e-mail function, and will drop their request for the separate full web connection. particularly as the number of facilities on offer grows.
One of the problems is that v few people in France have modems with the sufficiently high speed of 28,800 bits/s to connect their computers into the service. So Infohie also offers

the equipment free of charges disk

against a deposit:

Despite the claims and counter claims, and the intensely competitive world of computer information, informe has achieved some important backing, including investmen from Parthas and Banexi.

Last month: H became the first company to be quoted on France's Nouveau Marché, the france's Nonveau marche, the stock market for new fast growing businesses. It plans to use the money to improve services and to expand abroad. So far, the take-up has been modest. There are currently

2,500 subscribers. Yet Perrin says the launch was muted by the effect of the strikes in France at the end of had year.
An ambitious new advertising campaign kicks off next month.
The company is siming for 68,000 subset there by the end of this year, and 534,000 by 2000. It says it can achieve break even with 200,000 subscribers, but in its listing prospectus estimates it could be generating a small. profit by the end of 1997 Over the next few months it is planning to offer its network in other countries, including. French-spenking Canada,

Switzerland and Belgium: Andrew Jack

### encourage companies to think lonto avoid extra responsibilities. ger term. Others argue that to avoid so-called "management capture" ofnon-executive directors, their interests should be brought more into line with executive directors by

Institutional shareholders also want The role of institutional share holders. This may be one of the liveliest areas of debate. A number of high-profile company meetings, such as last year's British Gas annual meeting at which moves to

talked of "accelerated opportunities

for growth" (whatever that means), while ADT said: "We are committed

to expanding . . . through a bal-

anced programme of internal

growth, dealer programme develop-ment and growth by acquisition",

which presumably means we will try to do better any way we can.

Executives have become so used

to talking in this strange coded lan-

guage which no one takes at face

value that they are at a loss when

they wish to convey a message.

When Lotus was asked to confirm a

rumour last week, its finance direc-tor said it was "completely 100 per

cent incorrect". How does that com-

Another proposal is for sharehold-

For change: Corporate governance For change: Barbara Thomas, a scrap large pay increases for directivists, such as the UK Sharet shareholders and corporate gover-

pare with saying just "incorrect"?

Delia Smith's Winter Collection and

Murder One aside, television is not my favourite medium. Thus I have

been congratulating myself recently

on the fact that I do not work for

the world's favourite airline. From

next month British Airwaya

employees will be subjected to a

daily 15-minute news bulletin that

will enable all 53,000 of them to feel

Sounds less categoric to me.

**Lucy Kellaway** 

als may also be on the agenda.

# Agoinst change: Institutional

# Falling into the credibility gap reaching a large and far-flung work-force. But what is odd about the

shop stewards will be interviewed in what the company says will be an impartial fashion. Even more implausible is the idea that corporate TV could be bard hitting. "It will expose those managers who are not performing," said BA's chief executive last week. How? Does BA plan to shop itself, do its own 'ver-sion of The House - the BBC's docu-

make good viewing. Whether it would make good corporate practice is another matter.

mentary series about the Royal

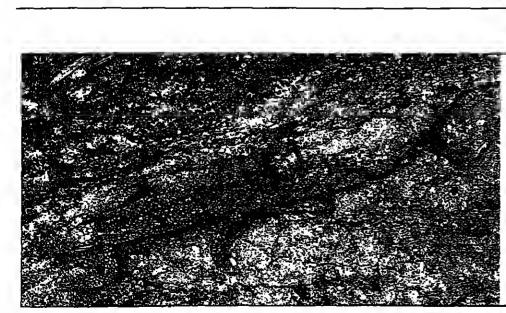
Opera House? Now that would

One of the most suspect recent imports from the US is the customer careline: the phone number on your groceries that you can ring if you are less than delighted with like one great hig bappy family.

BA is not the first company to decide that TV is the ideal way of the product. You can complain

about your gravy granule, your shampoo and even your light bulb. What is it all about? Most of these goods are commodities; there is no question of liking or not liking a light bulb. In these days of get-itright-first-time, products are sup-posed to be perfect, so there should be nothing to complain about. I assume that the point of these

carelines is to make you feel warmly towards the product, but for my money they leave me stone cold. They would leave me colder still if I had been involved in a survey conducted by AIM consul-tancy which rang all the numbers and rated them according to service. Bisto Gravy got the dubious distinction of being tops when it comes to dealing with irate customers, whereas the telephone operators on the soft cheese careline were found to be barely civil. The most useful finding from this bizarre survey is that if you phone Lurpak to complain about a pat of butter you may get a £20 postal



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# When more can mean better

n 1995 a dozen Ethiopian students graduated with a master of business administration degree from the Open University in Milton Keynes, in the UK. Not surprising, you might think.
But these were no ordinary

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MBA students. One was the president of Ethiopia, another was the prime minister and the rest were assorted heads of government departments and the Ethiopian military. All had atarted on tha MBA course three years earlier as a result of a request from the Ethiopian government to Britain'a Foreign and Commonwealth Office for management training as an

intrinsic part of foreign aid. The course for the Ethiopian students was as taxing as that for any other student on the course, says Tony Stapleton, director of external affairs. Between running a fledgling economy against a background of tribal conflict they had to learn the basics of accounting, strategic management and per-

formance evaluation. The Ethiopian project is just one of many surprising facts about the Open University Business School. One quarter of all MBA students in the UK - 1,200 in this academic year -

study with the Open Univer sity. By comparison, Insead, one of the leading European business schools, based just outside Paris, has fewer than 450 MBA students.

The revenues of the OUBS are as high as that of IMD in Lausanne, in Switzerland, but the OUBS has 20,000 students, compared with IMD'a 2,000.

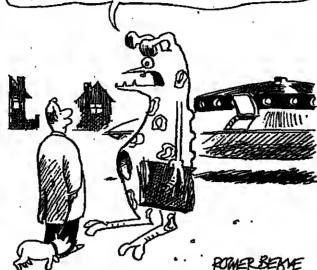
The OUBS was one of just a handful of business schools to be awarded an "excellent" rating by the Higher Education Funding Council for its teach ing. And the school is accredited by the Association of MBAs (Amba), the UK accreditation body.

But perhaps the most sur-

prising fact is that 84 per cent of the MBA students who begin the course also complete it the norm for distance learning courses is often less than half. "One of the problems is that if the individual isn't motivated the box will just sit there on the shelf," says David Asch, dean and director of studies. He believes the success of the OUBS lies in the fact that the the course and the delivery mechanisms, including video and computer messaging, have been carefully thought through. And that the modular

course structure gives students

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the flexibility to take a break if, for example, they change

While other schools offer distance learning courses as an adjunct to full and part-time courses, for the OUBS distance learning is the only method of

week to the course - tutorials, residential courses and bome study. They are usually in their mid 30s, unusually old for MBA students. "What we did unknowingly I have to say was a very Open University thing," says Asch. "We opened np MBAs to people in the UK sho had no access to them.

"The second thing we did, which wasn't really planned either, was to change the nature of MBAs. Now it's not fust a qualification for young whizz kids at Oxford."

Those accepted on the MBA course have an honours degree and at least five years' management experience but they do not need to take the American Graduate Management Admissions Test

But Asch is adament that by popularising the MBA qualification he has not devalued it. "I'll put our MBAs no against any other school," says Asch defiantly.

"My starting point is that British managers are not so well trained as their European counterparts. If nationally we are to compete effectively then we need a better trained managerial workforce. The question then is how do you get it? You don't get it by messing about

opened up business study to managers in the UK. Twenty per cent of students study outside Britain. Initially they were expatriate students in Brussels, but these days there are students throughout Europe, including six centres in eastern Europe, where courses began

"What our tutors have achieved there is magnificent because the structure doesn't work," explains Stapleton. "We're very bappy with the academic results."

In tha eastern European countries the OUBS works with selected partner organisations such as universities. In Hong Kong, on the other hand, the OUBS has opted to license its course to an open learning organisation. Although there are 45 MBA providers in Hong Kong, the Open University course, launched just last autumn, already boasts 30 per cent of the market.

Back in Ethiopia a further 100 people are now studying for an OUBS MBA and the fame of the course has spread to such an extent that last month a further 100 students began the MBA course in Ethiopia's neighbour, the inde-

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The course, to be held in Switzerland in May, is part of the "Achieving Breakthrough" series which is taught jointly by the two nstitutions. Entitled Turning customer service inin corporate success", it intends to deliver greater imployee and customer loyalty and faster growth. Horvard: US, 617 495 6226; Iese: Spain, 3 201 4000.

Japanese accounting under the microscope

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The conferences will examine tha widely held beliefs that short-termist

the west inhibits the ability of companies to be global competitors and that accounting methods in Japan encourage innovation. Cranfield: UK, (0)1234 751122.

Rotterdam students get career planning

The Erasmus School of Business at the Rotterdam School of Management has appointed a new associate director of career planning. He is Tony Somers, a former language trainer, who has joined the school from his own consultancy business. RSM Erasmus: Netherlands, 10 452 9509.

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# Silver age palaces of pleasure

There is more to a cinema than a screen and popcorn, writes Colin Amery

ne hundred years ago this year, the first cinema opened in London. Last year, some 120m cinema tickets were sold in Britain. This surge in movie-going is. according to the film industry, due to the popularity of the latest multiplex cinemas. I suppose it is unlikely that many people go to the cinema to admire the architecture, hut there is more to a cinema than screen and popcorn.

To mark the anniversary. there is an exhibition at the Royal Institute of British Architects (Heinz Gallery, 21 Portman Square, London W1) about the architectural history of the cinema, it is an expedi tion into an architectural fantasy world that seems almost as remota today as the Valley of the Kings.

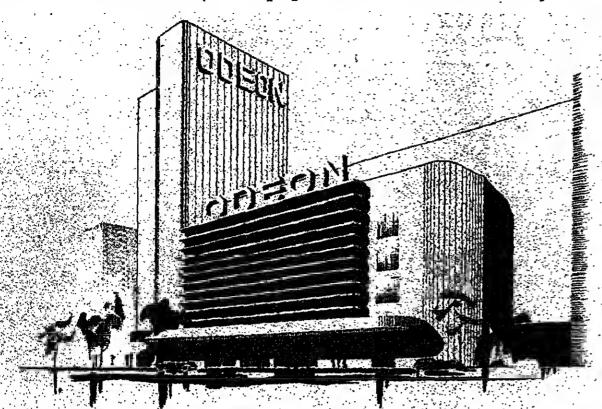
What is especially fascinatmost of them now forgotten responded with such excitement to the challenge of building a new dream world. What is sad is the scale of the destruction of these palaces of pleasure in the latter years of the century.

The advent of television interrupted the balcyon days of the movie bouses and many closed and were demolished. Today their extraordinariness is once again appreciated and some 90 cinemas all over Britain have been listed.

But what was it that made the early cinemas of the 1920s and 1930s so distinctive? Although around 4,000 cinemas were established in Britain by 1920, it was not until the mid-1920s that the "super cinema" arrived, much influenced hy

The RIBA show has the marvellously evocative drawings of one of the first of these - the Regent in Brighton which opened in 1921 and was designed by Robert Atkinson. The plan was revolutionary, heing the first fan-shaped auditorium seating some 2,200 people. The Regent was more than a cinema. It had two restaurants, a tea room and a dance floor on the roof, in its way it captured the romantic world of Rudolf Valeotino - one where romance came before sex and life proceeded under perma-

Atkinson was a great colour-



Odeons developed the idea of architecture as corporate advertising

ist, and he commissioned leading contemporary figurative artists to decorate the cinemas he was designing for the Provincial Cinematograph Theatres Company. In Brighton there were huge Della Robhia glazed panels that enhanced the main elevation. It was not until 1974 that this cinema was completely demolished. Brighton thus lost the one cinema that made you feel you were watching movies in a setting as fine as the Royal Pavil-

The other brilliant example of the 1920s' "super cinema" is the Astoria in Finsbury Park, north London, designed hy Edward Stone. The interior was conceived as a huge Mediterranean courtyard. The whole ensemble of pantiled rooftops and whitewashed houses was heneath a domed ceiling upon which clouds were projected, swirling about as the stars came up.

The Astoria survives, although it has had a chequered recent history, being transformed from a venue for rock concerts to its current use

as an evangelical church. Also surviving but now in use as a hingo hall is that great gothic cinema, the Granada in Tooting. This was designed by a stage designer, the Russian Theodore Komisarjevsky. ft feels as though you are entering the great portal of Rheims cathedral. The auditorium is full of soaring pinnacles and niches where there were paintings of wimpled mediaeval ladies watching their first moving film. In the 1920s there were cinemas in the Chinese. Indian and Egyptian styles.

However, the 1930s saw the rise of an architecture that could now be described as the cinema style. In Britain this was developed by the two hig chains. Odeon and Gaumont, which were anxious to estahlish their corporate Identities. Modernism had arrived in Britain, too, and a cinema like the New Victoria in London is very much influenced hy the work of Mendelsohn and Poelzig to be seen at the time in Berlin, It is now known as the

Apollo Victoria

The Odeon style was the creation of the Birmingham film fanatic and founder of the chain. Oscar Deutsch. He retained a Birmingham architectural practice. Harry Weedon and Partners, which developed the idea of architecture as corporate advertising. It was England's answer to Art Deco. Odeons spread all over England, as fast as McDonald's hamburger chain spreads today. All of them adopted a streamlined modern style, with interiors that were memorable for geometric carpet designs and glamorous ruched stage curtains. They even developed their own lettering - the hexagonal "O" for Odeon is as dis-

Architects had a field day with cinemas, and only a few firms were employed. Harry Weedon in Birmingham enlarged his office from siz to 140 employees in 18 months at the height of the cinema boom, and George Coles, who worked in partnership with Percy Adams, completed more than

tinctive as any logo.

60 cinemas. Coles's greatest work was the Gaumont State theatre in Kilburn. It opened in 1937 and was the largest cinema in England, with some 4,000 seats. With its tower, this ambitious huilding still stands. and is a landmark in north-west London. In turn, Coles's Trocadero at London's

as a haven of elegance. Unfortunately, cinemas have lost their romance, and with it their glamour, as well as the feeling that a visit to a moview-house was an occasion. The modern divided-np huilding with half-a-dozen tiny cinemas inside the space of a larger former ooe is an unattractive animal.

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There is no space in which to circulate, no sense of a special occasion. The great Odeon foyers were impressive and stylish, like the old movies. Yet our concrete times need glamour even more. We will have to vigilant about the remaining super cinemas, for we shall not see their like again in the next 100 years.

# Genius for rugby

### Keith Wheatley on a force taking Bath forward



team. there two were near-unanimous predictions. First, that the England side would start to play the kind of open, flowing rugby that Rowell preached. Second, that Bath might lose their total dominance of the cluh scene with the departure of Rowell after 17 years as the club's coaching guru.

ager of the

rughy unlon

Yet one year on we see a very different outcome. England may have won at Murrayfield and spoiled Scotland's hopes of a grand slam. hut their performance was universally condemned as a negativa display of forward power and penalty kicking. To millions of fans it looked like 1960s rughy come back to

Bath, on the other hand, go from strength to strength. They are this season's favourites to win both the Courage league and Pilkington cup. Their brand of expansive, running rugby is a level abova almost any other team in Britain, with the occasional exception of Sale and Wasps. Insiders say that much of

the credit should go to a quiet northern schoolmaster, Brian Ashton. He is in his seventh season coaching at Bath, but in the past year has stepped out of Rowell's shadow and accepted the spotlight. Ashton's vision drives the side.

"For the first four years f was simply coaching the hacks," explained Ashton, hefore supervising evening prep at King's School, Bruton, in Somerset, where he is head of PE and teaches history. "But it gradually spread to trying to develop the for-wards' handling and running skills, plus decision-making. As our visioo of the game hegan to catch hold and widen, we began to think our forwards should he doing more than pushing at scrums and jumping at line-outs."

This eocompasses far more than encouraging beefy props to run faster and pass more

how each player perceives his role. "Traditionally in rughy. Numbers 8, 9 and 10 have heen the decision-makers," says Ashton. "At Bath we tend to say. 'Look, if you've got the ball it doesn't matter what number you've got on your back. You're in charge of what happens next. And if you're stood next to that guy. ing continuity and flow in the

Ashton sees the key to Bath's ascendancy as the mid-1980s, when stand-off Stuart Barnes joined. Ashton had never encountered any player so competitive, so engrossed in winning, that it took the team to new levels of commitment. "Bath never want to stand still. That's now the root of the cluh's success. Now the players have got on a roll they'd just hate to be on a side that didn't win the double or whatever. It's a con-

stant challenge," he says. In his younger days he was a good scrum-half, on the fringes of the national side. Ha toured with England in 1975. "We've always tried to stay one step ahead of the game, hut at the moment f think we're two or three steps ahead of most sides in the first division," he says.

Barnes, retired from playing and a writer and commentator on rughy, reciprocates Ashton's esteem. Says Barnes: 'As a coach he would always come up with something original: throw the players an idea and ask them if they could make something of it. He certainly didn't have Jack Rowell's confrontational style of motivating people hut is fantastic at asking questions that get a team thinking."

Ashton's style of going for minds rather than hearts shows in his anthusiastic appreciation of a recent campaign by his sixth-form pupils. At an early-seasoo schools Sevens tournament, Ashton urged the Bruton side to see if they could go the whole 20-minute match without a kick.

Not only did they manage It but the boys unilaterally decided to adopt non-kicking as a 1st XV technique for the

When Jack often It goes to the root of rest of the term. "It was extraordinary. They won 11 games out of 12, scored an average of seven tries per match and beat our old rivals King's College, Taunton, 37-8. We hadn't beaten them in 26 says Ashton. "Although it ohviously isn't feasible to 'ban' kicking in Division I rugby, I managed to convince the Bath players that this is the general direction we ought to be heading in, and we've begun to use

> boys developed." As top-level rugby unioo moves through its transi tional stage towards full professionalism, Ashton comes closer to a personal dilemma Bath's team train on Monday and Wednesday evenings Ashton gives them his spare time and somehow it all works. "If the players become full-time or even part-time professionals. I'm sure they're not going to want to train from 7pm to 9pm on a week-day evening in winter.

some of the moves that the

"They're going to want to get it out of the way in the morning, then go off to the office or spend the afternoon with their families and liva a more civilised life. . . They're going to want a coach at the same times and that would mean a big change in my life.

"I love teaching, love con-tact with the youngsters. It keeps your own attitude fresh. I've heen a teacher since 1969. I've never been a full-time rughy coach. I'm 50 years old and I haven't got many more miles left in me Perhaps five more years at the level I am now."

What will shape Ashton's decision is his belief that Bath have yet more to offer on a wider stage. "I wonder if the Courage league has served its purpose?" he asked. "The same four clubs seem to end up at the top of each division every season. It was introduced to shake up English rugby and improve standards, and it's done that now.

The Anglo-Welsh league and the prospect of a European competition are all more exciting. The game needs new horizons and cultural challenges. There's no limits to how good we can be at Bath.

# What shape is your business in? Now more than ever, successful ... organisations, helping them reach Because in a market swimming organisations are the ones that can new performance levels by aligning with predatory forces, that's what integrate all of their component parts. their people; processes and technoit takes to come out on top. They move more swiftly. They're more legy with their business surflegy. Using this holistic approach, we'll ladept at capturing new opportunities. help rashape your enterprise to Andersen Consulting works with make the most of all your strengths. the world's largest, most successful For more information, please view our was size of http://www.arc.com

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Strengthening the policy research and analysis capacity, improving forecasting and analytical methodology, improve public expenditure control; establishment of an integrated mocroeconomic management information system; promotion of Government and private savings and their effective monagement to carry out macro-econamic and management functions with special emphasis on coordinating palicy analysis of overall macroecanomic weaknesses.

### PRIVATE SECTOR DEVELOPMENT

Review of legal and regulatory framework: strengthening investment offices; capital market development; enhancing the role of Chamber of Cammerce as interlacutar; strengthening Professional and Entrepreneurial Associations; investment promotion entrepreneurship development programme; credit schemes for the informal Sector; improving information and advisory services; technology. transfer, upgrading and extension service; strengthening of capabilities in extension service and marketing of viable rural technologies; business management training.

### PUBLIC ENTERPRISE REFORM/ RESTRUCTURING & PRIVATISATION

In tandem with the policy-legal measures, the government has implemented a series of administrative measures related to public enterprise reform including abolition of multi-firm public corporation as part of reducing the layers of decision-making and control organs; establishment at a Privatisation Agency ta undertoke divestiture af State awned enterprises.

### DEVELOPMENT AND IMPLEMENTATION OF REFORM MEASURES

Policy Review and Reform; establishing an effective management information; rationalisation and promotion of civil service training and skill upgrading; establishing organisational capacity for privatisation and creating and strengthening institutional and legal framework for privatisation.

### PROGRAMME FORMULATION, DEVELOPMENT & IMPLEMENTATION ARRANGEMENTS

This remains the bed-rack of the development programme for the next few years. It is expected to finance the development of programme areas in entreprenurship and private sector development. monogement of economic and technical change; capital and technology; marine resources development, faad security and environment; human development, human resources development and utilisation, infrastructure, rural and regional development.

### For turther information please contact:

The Asmara Chamber of Commerce Telephone: + 291 | 121388/120045, Fax: + 291 | 120138 The second secon

la cercai sala

in Tokyo and Martin Mulligan in London find the newspaper industry strangely sanguine. But even weirder stuff is on its way, says Victoria Griffith in Boston Hold the liquid crystal display!

he portable electronic oewspapar has hurst free of the pages of sci-ence fiction and become a reality in Japan, write William Dawkins and Martin Mulligan. The Mainichi Shimhun,

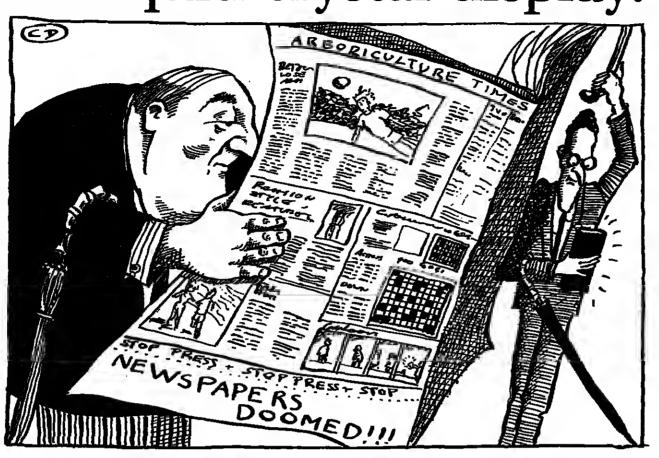
Japan's third largest selling national daily, has launched what it believes is tha world'a first pocket-sized computer newspaper, and is confident that it will reach its target of 50,000 subscrihers within the year. The electronic Mainichi already says it has more than 1,500 readers, increasing at a rate of more than 200 daily.

The electronic Mainichi can be received in Japanese five days a week by modem on a Zaurus palmtop computer, made by Sharp, the electronics company. A simple meou eoahles readers to download and store news stories. These can be filtered according to personal interests, to be recal-led and read - one-handed, if oecessary - oo the crowded suhway journey to work

The electronic Mainichl is updated at 5am and 5pm, or more frequently for big breaking stories, so that the young office workers seen as its target readership can refresh their Zauruses before leaving for work in the morning and prior to returning home. The Zauruses can pick up their oews implants via telephone, mobile or public call box.

The electronic Mainichi is hy no means a full version of the dead-trees newspaper. Via Nifty Serve, a Japanese information service network, the Mainichi has made available between 150 and 200 stories per day at 150 words each. A typical selection of 18 pieces takes about three minntes for the Zaurus to download on its 2,400 hits per second modem, says Takuya Kikuchi, Mainichi's deputy manager of information

development. Like other personal digital assistants, the Zaurus has a Filofax-sized monochrome screen, on which short news stories are relatively easy to read. A better service will be available within a year when Sharp launches a colour-screen Zaurus ahle to show pictures. For most readers, the elec-



tronic Mainichi will be a more expensive - even if more convenient - way of receiving their news than spending Y110 (68p) per day on picking up a dead-trees version at a kiosk.

The basic electronic service costs Y500 per month, plus Y10 per minute telephone charge and subscription to Nifty Serve. Then there is the Zaurus: Y93,000 for the latest model. It does nearly everything that a laptop can do.

Despite the relatively high cost to readers, the economics of the electronic service seem certain to arouse interest within Japan's vigilant newspaper industry. There are 800,000 Zaurus owners in Japan, and the newspaper's Takuya Kikuchi reckons that the service, to which 10 staff have been allocated so far, needs only 10,000 readers to show a profit.

readers among Zaurus users makes observers wonder whether a similar service may work in other countries, such as Britain, which has a high oumber of palmtop owners. Foreign oewsoaper magnates may soon take an intense

interest in Tokyo commuters'

reading habits.

nt is Japao's fast, young, commuting newspaper readership representative of the rest of the world? Roger Fidler, a founding father of the electronic newspaper concept, who developed a prototype for Knight Ridder in Boulder, Colorado, thinks that only a particular kind of reader wants frequent news updates. Others

- perhaps the majority would be uncomfortable with updates throughout the day. "It would make people feel they're always missing something," says Fidler.

Reader resistance and established habits are obstacles in most places. But the holy grail of the truly electronic newspaper appears to he drawing nearer as computer ownership rises internationally and production costs plummet.

The newspaper, nevertheless, remains the ultimate random access information provider, and its role clearly goes beyond even that, as a source of entertainment and analysis. There is eveo evidence globally that, far from eroding readerships and sounding the death knell for ink-on-paper versions, electronic technologies of all kinds are stimulating book and newspaper sales.

UK newspaper proprietors nevetheless have their antennae tuned to developments in Tokyo. Hugo Draytoo, electronic publisher and marketing director at Conrad Black's

Telegraph group in Loodon, predicts that "at the margins and in the longer term, [palmtop technology] will have an effect on dead-tree readerships. but not in the next five or ten years". Just now these technologies appear to be giving a fillip to the industry. People reading the Net version of The Telegraph, for instance, are new readers - "people who

wouldn't normally read us". says Drayton . A source at Rupert Murdoch's News International, who did not want to be named. said that "although the industry is not quaking in its hoots, it takes the challenge of these new information delivery mechanisms seriously". But not too seriously. In London, the Murdoch-owned Times and Sunday Times, which have invested in Net sites and hoast 120,000 registered users, still lack a palmtop pilot project.

FINANCIAL TIMES

### Tim Jackson

# Brokers tremble as E\*Trade takes off



page adver-tisemeot in US editions of The Wall Street Journal. The ad was hought hy a Californian technology company, E\*Trade Securities. to raise the competition betweeo America's discount

brokerages to a oew pitch.

Last month, E\*Trade launched a service to allow customers to deal in stocks. bonds and options using the World Wide Weh of the Net. The Net allows orders to be filled without human intervention: hargains are struck eotirely by computer.

E\*Trade is not the only brokerage that allows customers to issue buy and sell instructions on the Weh. I know three others: there may be more. But the company is interesting for at least two

One is its prices. At a flat rate of \$14.95 (£9.70) per deal on the New York exchange and \$19.95 on Nasdaq, E\*Trade's broking charges are probably the lowest in the business, with the exception of deep discounters who offer unlimited trades for \$800 a year. That is certain to put pressure on the discount brokerages which have persuaded millions of US investors to give up long-standing relations with a single broker in favour of a low-cost dealing system in which they talk to a

different 23-year-old every time they call. The other interesting point ahout E\*Trade is its background. By pedigree, it is neither a retail brokerage nor a Weh design house; it is a technology firm that developed online products for companies such as Schwah and Fidelity, and has operated its own onlina broking channels since 1992 through America Online and CompuServe, and via direct telephone modem link. The great strength of

Your broker E\*Trade's Weh site is that it is simple. Orders are entered using a one-screen form; balwas the ban- ances, transaction histories ner headline and portfolio valoations are equally easy to obtain. There is no handbook to read, no floppy disks to seed off for, no set-up fees to pay, and oo strange software to learn.

Part of this simplicity is no doubt due to Pam Kramer, a former Salomon Brothers employee who came to E\*Trade from a consumer software company where she developed computer programs for childreo Kramer, who was responsible for the site design, boasts happily that a customer can buy stock on her system using only two mouse clicks, while a competitor's Weh site requires seven.

Two refinements are likely oo the site (http:/www.e-trade.com/) in coming months. Context-sensitive news will allow a customer interested in a particular stock to click a hutton to check for the latest oews oo it. And passive e-mailing will allow customers to receive information about news or changing prices without connecting to

the company's Weh site. Kramer says E\*Trade's products appeal, predictably, to early adopters. Three-quarters of customers have two or more university degrees. Their median age is 40, which for US retail investors is young. They are also active traders: a substantial proportion of users of the new Web service buy or sell three times

The service carries risks. In amateur hands, the temptation to deal often may prove so great that customers churn their portfolios, throwing away in market spreads what they have gained in broking

But E\*Trade's move illustrates the Web's growing momentum as tha delivery mechanism for a wide range of products and services. According to Kramer, most customers want to trade from the office. In many US compa-

nies, it is easier and quicker

by phone or via a proprietary online service. Weh-based broking may

prove a good case study of what the Net can do to a service business. The Net removes intermediaries, allowing a company that possesses an underlying technology to jump over others that have cultivated relations with end-users

The Net also makes geography irrelevant: E\*Trade's 200 employees, all hased in Palo Alto, can serve oot only all American states but also customers outside the US, who at present pay high fees to deal in US stocks

The Net removes economies of scale. E\*Trade will not say how many customers it has, though I believe the figure is a little over 60,000. Yet its technology ownership and its low cost base may allow it to compete with the Schwahs and Fidelities of this world, which are two orders of magnitude larger.

An illustration of how the Net equalises big and small firms can be seen in advertising. E\*Trade booked radio ads and two pages of The Wall Street Journal, and paid \$15,000 for a slot on the Netscape Web site. But its most valuable source of new clients so far is a recommendation from best-of-the-Web services and search engines.

There are only two respects in which E\*Trade makes an odd Net husiness. Ooe is that the ceo of its bolding company, Bill Porter, is 67, with about three times as many years' business experience as the average Net ceo. Another is that the com-

pany helieves there are barriers to entry to its market With 1m lines of code and \$12m of equipment, E\*Trade's system will take more than a weekend's work to imitate. Tha need for regulatory approvals from exchanges. and from each state, will also slow the competition down. Tim Jackson's Web site is h t t p : | | w w w . p o · box.com|tim.jackson

### Mainichi's bid for electronic Digital ink grants every whim

curl up with your computer in an armchair the way you would with a good book, thanks to work at the Massachusetts Institute of Technology's Media Labora-tory, writes Victoria Griffith.

Researcher Joseph Jacobson has come up with a method of embedding particles in paper to make what he calls an "electronic book", and plans to have a prototype ready within 18 months.

The device would pack a hig memory - Jacobson claims it will he able to store about 500 works of several hundred pages each - and have the weight and feel of a traditional, ink-on-paper book. Text could be taken directly from the Internet. According to Jacobsoo, lt would take just oce minute to download a work like Moby Dick.

The technology means that a library of books or other written material could he cootained in a single electronic volume. When a button was pressed, the electronic ink inside the device would he transformed in seconds, turning a copy of War and Peace, for example, into The Client.

Paper is not the only possihle medium. Jacohsoo also sees demand for print on ultrathin acrylic sheets. "That way you could take the book to the beach and oot worry ahoot getting it wet," he says.

If everything goes to plan,

dia revolution. It also has pro-

Cyber

sightings

Baltimore investment

management firm T Rowa

Price (www.troweprice) has

put up a very mce site, with

simple, effective graphics and

lots of information. It has

mutual fund and retirement

investment data, plus daily

market updates and weekly

summaries. Good links also to

other investment related sites.

· After my six year-old's

recommendation of the Disney

site last week, I have no

qualms about including

found implications for journal-Infobahn cruisers have two

common complaints: first, that it is hugely tiresome to read things on a screen; second, that computers are not as portable as books, magazines or oewspapers. "These hurdles have yet to be cleared to make the multimedia reading experience enjoyable," says Edward Julian, a multimedia analyst at International Data Corpora-

Books have other advantages over computer screens as well. They can he thumbed through in a way that is difficult to do with text oo a screen. And readers can make notes in the margins of hooks far more easily on paper.

The electronic book project, which is heing designed for commercial use, is being funded by Gruppo Grauso and the Things That Think Consor-tium, which funds much of the Media Lab's work. Jacobson says the volume will probably retail for about \$2 to \$4 per reusable page. He is oot the first researche

to tackle digital ink. In 1962, scientists came up with particles that could be flipped with magnets to create different designs, while in 1977 Xerox embedded electronic particles oo thick rubber sheets. These invections were serionsly flawed, however. The resolu-tion of the ink was poor, making the print difficult to read, and the media were too thick and hulky for the electronic

ink to be of much use. Liquid crystals - used in standard laptops - are a form of digital ink that transformed analysts say the new prodoct could transform the multimethe computer market, allowing for smaller, more portable devices. Liquid crystals are

FAO Schwarz's site (http://

faoschoarz.com) allows you to

hrowse its catalogues and see

the most up to date toys.

They're "serious about play".

Details of Intelligent Envi-

ronments' Amazon Web

server, with the implications

for interactive client-server

applications, can be obtained

Oxford-hased Preepages

(www.freepoges.co.uk) has

designed its database system

"to be one of the most compre-

hensive UK classified business

directories". Searchable, and

able to pinpoint the nearest

business or service provider.

Benetton launched its new

site (www.benetion.com) vir-

tually" last Wednesday. The

server was unohtainable most

of the next day, perhaps due

to heavy usage. It has Press

ites. Famous US toy store releases. catalogues and ad

from www.ieinc.com

unstable, however, and need texthooks with charts and thonsands of transistors tables geared specifically to behind them providing a constant electronic charge to keep the molecules in place. For that reason, they cannot he used on a surface as thin as

Jacobson says the particles he has created for the project are small and stable enough to be put on paper. The particles, at 40 microns, are essentially hl-coloured spheres that can be rotated through small amounts of electronic charge to create different patterns, which give the illusion of ink on paper.

Jacobson admits there may be some problems in applying his technology. One question is how to deal with the copyright on electroolc hooks. One of the first uses may be to download from the World Wide Weh 500 copies of presecond world war titles," he says. "That way we wouldn't have to deal with royalties."

Vith time, though, Jacobson believes the be handled. The scientist suggests a device that signals a pohlisher when a hook is called np electronically. A fee could then be levied via credit card. Jacobsoo also foresees early applications for lawyers, who need to review enormous amounts of documents. "We could come up with a way to store margin ootes in the book's memory, so that attor-neys could mark up the docu-

ments," says Jacobson. The printing industry is interested in the technology.
"We could see a demand for

campaigns from the clothes

company that loves to shock.

• From one sin to anoth-

is a guide to systems selection

and implementation by Tate

Bramald, the London-based

accounting systems integra-

tors. The site (www.global-

net.co.uk/ tatebramald) gives

advice on how to avoid the

pitfalls connected with

Dutch hrewer Amstel has

set up the Riversite Cafe

(www.omstel.nl), where you

can sign up for a quiz to win

tickets for the Uefa Champi-

ons' Cup final. A fun site, but

those yellow backgrounds are

a hit too much if you've been

upping the company's profits

• In like vein, the technicol-

our mish-mash that is the

Club 18-30 site (www.sub-

systems projects.

the night before.

... The Seven Deadly Sins

certain students, for instance, says John Tanelli, senior vice-president of technology at printer R R Donnelley. "The textbooks could be altered and updated more easily."

The electronic book has pro-found implications for journalism as well. Presumably It would be available at magazine-thickness. Instead of buy ing a oewspaper at a local stand, readers could download it every morning from the Internet oo to their digital pages, then stash them in their briefcases to read on the train. The magazine might contain in its memory not only the most recent edition, but past versions as well.

However, the Media Lah's project faces some significant hurdles. It is still uncertain, for instance, whether the resolution of Jacobson's particles will be high enough to make them as readable as ink on paper. Even if it is, sceptics say the lack of interactivity will be a severe drawback. "The reason people read us on the Internet is because they can interact with the paper, 'talk' to the editors and things like that," aays Joho Lux, online editor at the Chicago Tribune, "If there's oo interactivity, there's no advantage over huying the paper at the local store."

Others disagree. "If people wanted to be interactive all the time, hooks would he dead," says Edward Julian of IDC. "Even if there is oo interaction, there would be a lot of applications for this sort of hnology."

net.co.uk/subinfo/18-30) is exactly what you'd expect after the Limbo Dance While Drinking a Pint of Sangria

• The Creative Incentive Coalition (www.cic.org), including many large US media and publishing associations, has a site for visitors to laarn abont copyright in cyherspace, and to collate information on copyright legislation. A site well worth a

steve@mcgook.demon.co.uk



# WORLD STEEL

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HA

### **BUSINESS TRAVEL**

ollecting and returning a hire car is a notoriously irritating business. Not only is there a mass of paperwork covering insurance. licences and credit card payment. but there can be lengthy delays while the vehicle is checked for mileage, petrol consumption and damage.

Stimulated by the rivalry in one of the most competitive sectors of the business travel market, car-hire companies have been working on ways of cutting transaction time for their customers both at the beginning and end of the rental process.

Some offer a priority collection service which involves booking the rental over the telephone or computer and simply picking up the keys in exchange for showing your credit card. On return, many car-hire companies equip their employ-ees with organiser hand-held computers to register return information as the car arrives in the parking lot.

The car-hire industry is poised to go a step further, and is evaluating technology developed by, among others, Texas Instruments. Using the new system, returning drivers will simply have to drive over an electronic pad in the ground.

This will record not only the vehicle registration and identification numbers, but what time the car returned, how many miles it covered, and bow much petrol was left in the tank.

This is possible thanks to the transponder - a computer chip that responds to radio waves rather than direct cootact. Under the system each car would be fitted with a transponder which would be read by an antenna loop in the pad

http://www.brittsh-airways.com

# A drive for technology

Competitive car-hire groups have found a reason to co-operate, says Amon Cohen

If implemented this could save a great deal of time. John Allen, project manager for the British Vehicle Reotal and Leasing Association, says it might soon "not be necessary for a driver to do anything apart from park their car and get

The transponder will also eliminate arguments, especially at locations where there is no attendant and drivers are obliged to fill in details and leave them in a

"With this technology, there can be no dispute over the accuracy of return time and data," says Allen. So far, oo car-hire company has bought the technology, although Avis has "flirted with it" in the UK and Italy, according to Chris Fisher, Avis Europe's director of planning and analysis.
In the US, Alamo Rent A Car has

also investigated transponders, but does not intend to introduce them this year, says Gillian Shearer, senior sales and marketing director. However, the chances of introducing transponders now look better than ever thanks to an initiative from the the UK rental and licensing association and the European Car and Truck Rental Associa-

But customer service is not the main reason for pressing ahaad with the technology - companies are concerned about security, which

when the car is driven over it, is why they are prepared to cooperate on the issue

According to David Hislop, sales and marketing manager of Texas Instruments Registration and Ideotification Systems, tough security systems are necessary because of a particular feature of the car-hire

"Car-hire companies are unusual because they are giving a very valuable asset to people that they know very little about." be says. This trust has been breached in recent years, with a worrying tendency, in particular, for cars hired in western Europe to be smuggled outside the European Union to eastern Europe, normally through Poland. Transponders may be the solution

to the problem, and tha licensing association met Texas Instruments and Customs and Excise recently to discuss the issue. Texas Instruments is proposing to fit antennae at every port and customs post in the EU, where officials would be equipped with computers which could alert them when a car authorised for travel only in the EU tried to cross the Union's

Such a measure would frustrate thieves and ultimately, says John Allen, prevent car-hire tariffs from Nor would criminals be able to

circumvent the problem by removing the transponder chips from Another security measure being cars. "A transponder is only the size considered is the use of transpon-

hard-pushed to find where we

bad hidden it in the car," says

of a 5-amp fuse, so they would be ders to immobilise rental vehicles Many new vehicles are already fitted with these devices: a chip in the key head prevents the operating system from functioning unless the correct key is inserted. In a rental

vehicle, a transponder could be used to immobilise it after the hire period has elapsed.

As a bonus, car-hire companies could also use transponders to eliminate internal fraud. If an antenna pad were placed near company petrol pumps, only authorised vehicles - not staff cars - would be able to draw any fuel draw any fuel.

With so many apparent benefits,

thera is no guarantee that transponders will be introduced. In the meantime, however, civil liber-ties campaigners may start consid-ering other implications of tran-

If they were installed at all fron-tiers and goodness knows where else, would we be happy that computers were tracking us wherever

# Guard offer for Russia

lant, to dress down – and to keep jewellery, watches and cameras out of sight. Visitors to Moscow should be especially wary of groups of

young vagrants.

The airport at Hue, in central Vietnam, will be closed for three months from April 1 for a £1.9m renovation and extension of the runway. Passengers can fly to Da Nang and be bussed to Hue.

### one might expect transponders to be fitted in every hire car by the DONTBESILLY pared to provide armed bodyguards for British ELECTRONIC end of next week. After all, the SANDERS HOW WILL technology is there, and is similar CARHIRE visitors to Russia, it was to the systems being considered by revealed last week. The news folthe UK government for use on pri-THE BOSS EVER lows the death of Scottish lawyer John Hyden who was RETURN vate toll roads. The stumbling block is that capi-FIND THAT OUT? canght in the crossfire of a shooting in a St Petersburg hotel last tal costs may prove prohibitive: Malcolm Kyle, security manager at Hertz UK, who is also on the licen-MILEAGE \_\_ The Foreign Office in London has sing association's security commit-CONSUMPTION tee, says transponders could be "a solution to a big problem. already warned tourists to Russia already warned tourists to kussia to exercise caution, especially in Moscow and St Patersburg. "We can and will provide atmed body-guards if they are asked for," said Mike Chandler, chairman of Rus-sian specialist tour operator World-mark Travel. The European car-hire industry DAMAGE is losing large amounts of vehicles DETOURTO every year. But we are talking about fitting transponder technol-ogy at every border post, every port PLINTIE IN SWINDON and every rental vehicle," adds Keith Betton, head of corporate Kyle. "There are 1.5m [hire cars] on the road in Europe at any one time, and most hire companies affairs at the Association of British Travel Agents, said that indepen-dent or business travellers to Rusreplace their fleets after less than a sia were most at risk. Travellers are warned to be vigi-Despite that upbeat assessment

# The new Club World cradle seat. Lullaby not included.



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### **BRITISH AIRWAYS**

The world's favourite airline

### Travel News · Roger Bray

Pressure on US fares Air fares to and within the

US look likely to come under increasing upward pressure, European airlines reported record north Atlantic load factors for the 10th consecutive month in January, and US domestic airlines are turning in profits again after nearly piling into a black hole.

The Association of European Airlines says north Atlantic flights by members, which include British Airways, Air France, Lufthansa and other large airlines, were on average 64.1 per cent full in January, which is usually a slack month. Traffic across the Atlantic rose by 8.7 per cent, in spite of the blizzards on .

the US east coast. Research by Reed Travel, which publishes the Official Airline Guides, contains yet more cautionary news. The number of airlines going bust in the US last year exceeded the tally of new ones. Big carriers desperate to cut costs have pruned or partly absorbed their franchised commuter operations. Some small operators, not sheltered which the large carriers afford, have been dropping by

the wayside. Wheo the dust settles, travelling will be more predictable, with services less likely to vanish overnight. The downside: softer competition and fewer spectacular bargains.

Sharp electronic eve Big Brother may be watching you. Travellers tempted to switch airlines or pump up hotel spending - either to ensure an upgrade or earn more frequent-flyer or loyalty points - beware. Travel agency Carison Wagonlit is developing software which will flag a warning when people are infringing travel policy. Nobody knows how much

UK companies, for example, spend unwittingly indulging executives' travel comforts and perks, but some agents estimate it could be as much as £200m a year. As Richard Lovell, UK managing director of Carlson Wagonlit, points out, some companies are stricter than others. However, he believes the impact of employees trying to earn additional airline points is relatively slight.

Agents booking executives

on unnecessarily tortuous routes with the same end in

mind would quickly forfeit business. His company's

Quality Manager system will allow travel managers to . spot offenders even before they take a taxi to the

Cheaper way to Jo'burg Cut-price alternative on the London-Johannesburg roote: Bluebird Express has got permission from the South African government to sell charter seats at either end of the route without dressing them up as package holidays. It may also offer single fares. A 10-day advance purchase return in Caledonian. Airways' Highland first class costs £719 – the single fare is £455. There are two round-trips a week from London Gatwick on Mondays and Thursdays. Seat pitch is 38 inches, That compares with about 44 inches with South African Airways, where the lowest business class return fare is £2,090; and 50 inches in British Airways' re-vamped Club World. The lowest fare with BA in Club World is £2,235.

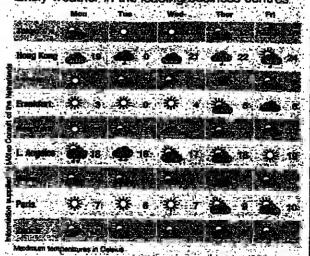
Paris prices held. restaurants can be painfully. expensive. So it is heartening to see that at least one exalted Paris restaurant has held its prix fixes in check.

The new edition of Michelin's red guide to France elevates Arpege in the Rue Varenue, in the seventh arrondissement. from two stars to three-star status. Specialities include smoked chicken with foie gras ravioli. And for the time being, at least, its cheapest set lunch costs the same FFr390 (£50.51) as in 1994. Les Elyseés at the Hotel Vernet, in the eighth arrondissement's Rue Vernet, has been given two

stars. Useful one-star additions outside Paris include Michel Sarran in Toulouse, handy for those with Airbus contracts, and two in Troyes: Auberge de Ste-Maure and Clos Juillet

Strong stuff That most delightful of hotels, 42 The Calls, in central Leeds, lists its cellar contents on labels stuck to three-litre Côtes de Blaye bottles from Bordeaux, which are put in the hotel rooms. We asked the suppliers to fill them with coloured wster," says conference and sales manager Helen Tremlett, "but it was cheaper to buy them full of wine."

Likely weather in the leading business centres



Rains

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14, 17 (2.30pm)

CONCERT

Konzerthaus Tel: 49-30-203092100/01 Orchester der Deutschen Oper Berlin: with conductor Rafael Frühbeck de Burgos perform works by J. S. Bach, Mozart and ethoven: 8pm; Mar 14

Deutsche Oper Berlin Tet: 49-30-3438401



ARTS

BUDAPEST Since it was first held in 1981, Budapest's Spring festival has developed into Hungary's biggest arts event. The 1996 programme, opening on Thursday, features the Cleveland

Orchestra, the Martha Graham Dance Company, the Budapest Festival Orchestra and staged performances of Wagner's "Parsifal".

CANBERRA Two of Australia's leading museums have pooled their resources to mount a retrospective of J.M.W.Turner. Comprising 100 of the artist's finest works in oil and watercolour, it opens at the National Gallery of Australia in Canberra on Saturday, and moves to the National Gallery of Victoria in Melbourne in June. Of particular interest are Turner's two paintings of the spectacular fire that destroyed the Houses of Parliament in 1834.

LONDON

Sam Mendes's (below) acclaimed staging of Stephen Sondheim's "Company" transfers from the Donmar Warehouse to the Albery Theatre on Wednesday, joining Mendes'a Donmar staging of "The Glass Menagerie" in the West End

Theatrel. The cuit play of the cuft novel Trainspotting" (not to mention the cutt film) transfers on Thursday to nother West End theatre, the Whitehall, The adaptation is by Harry Gibson. rvine Welsh is

very much in the public eye; his subsequent no Marabou Stork Nightmares" has recently taken to the stage at the Glascow Citizens

Planist Chick Corea (inset. right) opens Jazz at the Berblcan tonight, with a quartet which features saxist Bob Berg. Later in the month there are concerts by Andy Sheppard (right) Surman. The season closes with a rare UK date, in June, for Oscar Peterson



# Riace bronzes back on their feet

High-tech meets ancient Greece in Reggio Calabria. Robert Graham reports

Italy's most unlovely cities hosts two of the country's most stunning works of art. The city in question is Reggio Calabria. which was near levelled by an earthquake at the turn of tha century and where hideous recent building has broken every rule in the planning

But a visit to Reggio'a archeological museum will instantly erase these unappealing surroundings. The museum houses the ao-called Bronzes of Riace. These are two of the finest and best-preserved bronze statues to survive from the Greek classical period, which were fortuitously found embedded in sand off the Calabrian coast near Riace by an amateur diver in 1972.

The grace and sheer presence of these extraordinary male figures (to say nothing of their sensuality) made them instant celebrities. Requests to exhibit them round the globe flowed in, including for a special guest appearance at the Los Angeles Olympics.

However, these 2500 year-old statutes - probably representing Greek heroes - have only left Reggio once. This was for a five year-long restoration in Florence which lasted until the These slabs, rather like strips end of 1980. Advantage was then taken for their brief exhihition first in Florence, then in Rome where they enjoyed the rare honour of being displayed in the presidential palace.

The statues have just undergone a second and more complex restoration and conservation treatment. But now they are back on display in a spe-cially controlled protective environment and balanced on innovative selsmic proof stands because the danger of earthquakes in Reggio remains

The second restoration was necessary because during centuries on the seabed the casting core inside the statues had absorbed substances harmful to conservation. Some 60kgs of earth was eventually extracted from each of the two statues.

More importantly, the cleaning process provided archeologists and scientista with precious new knowledge about Greek methods of casting bronze and statue-making. Indeed, the discoveries have opened up a new debate on existing theories about how

n a neat paradox, one of the great Greek bronzes of the them representing two famous 6th-4th centuries BC (with such master sculptors as Phideas) were produced.

Until now, scientific knowledge of Greek bronzes has been exclusively related to the external surfaces. Thanks to funding and the technical assistance snpplied from an array of companies within the Finmeccanica group (a statecontrolled holding company), extensive "internal excavation" was possible.

Borrowing from medicine, scientists developed endoscopic tachniques to poke around inside the statues. By laying the statues flat on "hospital beds", it was possible to penetrate their bodies through holes in the soles of their feet using thin articulated metal arms. Mounted on these arms were micro-television cameras and ultra-sonic cleaners (like those used by dentists).

he introduction of micro-television led to an extraordinary revelation. The cameras showed the sculptor/aculptors had made the inner casting cores from hundreds of thin alabs of clay mixed with animal hair, probaof lasagna, had been wrapped spirally around internal iron bars, which formed the "skeleton" for the statues.

Although archeologists are not completely certain, this suggests the statues were created by free-hand modelling. In other words the sculptor did not start with a clay model which was then reproduced by a system of moulds of individual sections of the body as originally thought. Instead the artist made a non-reproduceable model which was then coated in wax prior to casting. No Greek author refers to this technique, which was not adopted until Cellini during

the Renaissance. The casting process itself was done in sections, and then subsequently joined. The cameras also showed just how sophisticated the joins were.

But if it is now clearer how the statues were made, the fig-ures' identities are atill shrouded in mystery. Dating techniques place one statue around 460-50 BC, the other some 20 years later around 430-410 BC. One theory has

Mar 15

OPERA

DANCE

Mar 13, 16

OPERA

**GHENT** 

De Vlaamse Opera

Tel: 32-9-2230681

**BONN** 

Andrea Chénier: by Giordano.

Burgos and performed by the

Deutscha Oper Berlin; 7.30pm;

Conducted by Rafael Frühbeck de

Kunst- und Austellungshalle der

Conducted by Carmen Carneci and

choreography by Frederick Ashton to music by Prokofiev, performed by

performed by the Oper Bonn and

the Orchester der Beethovenhalle

Bonn; 8pm; Mar 14, 15, 16, 17

■ COPENHAGEN

the Royal Danish Ballet; 8pm;

● La Forza del Destino: by Verdi.

Concert performance by De Vlaamse

Opera, conducted by Daniel Lipton;

Bundesrepublik Deutschland

Tel: 49-228-9171200

Det Kongeliga Teater

Romeo and Juliet: a

Tel: 45-33 14 10 02

Glacometti: by Carneci.

Athenian warriors at the battle of Marathon transformed into heroes - the height and proportions of both being exaggerated above the scale of the human body to emphasise their heroic nature.

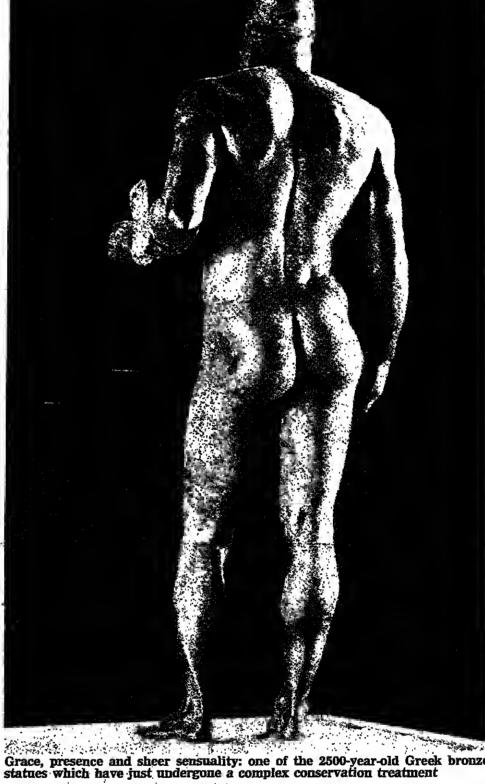
The quality of the workmanship suggests them to be part of a group of statues made by several artists for the first monument in Athens commemorating the victory of the Athenians over the Persians at Marathon, The likely artists were from the circle of Phideas, perhaps one by his son another by a prominent papil.

A second theory has them simply as heroic figures of the Greek classical period. This makes it easier to explain why the statues were to be found in the waters of the Ionian Sea far from mainland Greece, Bnt were they being transported from Greece to Magna Grecia? Or were they already in Italy as part of war booty and being transported from one place to another?

Investigation at the time of discovery and subsequent searches has provided no positive sign of a ship-wreck. Thus the statues could even have been dropped overboard during bly to give greater strength. a storm. Furthermore the similarity between the two could have been an early example of the Romans' predeliction for the antique trade, with a merchant anxious to show how it was possible to reproduce the likeness of a Greek hero.

The visual splendour of the statues, combined with their fascinatingly incomplete history, has placed the Riace Bronzes among the most important objects from antiquity in Italian museums. However, they remain very inacces-

Legislation regulating Italy'a cultural heritage stipulates that objects must be displayed in the region where they are found - regardless of their provenance. In the case of Riace, the nearest museum is at Reggio, which already had a good collection of Hellenistic and Roman objects. But Reggio sits on the toe of Italy, too far away and too expensive for the bulk of the Italian public and tourists to contemplate visiting. Of late fewer than 100,000 people have been going to see the bronzes each year. Though visible almost continuously throughout the resto-



Grace, presence and sheer sensuality: one of the 2500-year-old Greek bronze

ration process, attendance last tion like Rome. But Reggio, the autumn on some months was down to a mere 4,000. This compares to the long queues when on display in Florence and the 16,000 a day during thair brief sojourn in

Such contrasting attendances has led to pressure for the Riace Bronzes to be transferred to a more central loca- number of international insti-

scene of bloody riots in the . 1970s protesting over being

unlikely to relinquish the Bronzes of Riace. The only way to make them more accessible is thus via travelling exhibitions. The recent restoration has made this technically possible, and a

treated as a backwater, is

tutions have already voiced an

In the meantime the lessons and techniques developed in the "internal excavation" have been placed at the disposal of the Greek authorities. But to profit, the Greeks will have to find funds or generous spon-sors like Finmeccanica, which spent over \$2m on the Riace

### Opera in Geneva/Andrew Clark

### Mozart all at sea

lost her touch? Her first Geneva season had to he put together quickly in some baste. but this hardly explains the faux pas of L'Italiana in Algeri last autumn and now Die Entfilhrung aus dem Serail. Each fell victim to a misguided production idea and weak musical direction. What passed muster in Lausanne - where Auphan spent 11 years before moving to Geneva last summer – is not necessarily good enough for the international spotlight.

Dieter Kaegi's production of Entführung beggared belief. It was set aboard a 1950s luxury cruise liner, which had no more connection to Mozart's Turkish setting than Geneva does to Constantinople. The Pasha was a rich playboy; his "harem" consisted of male and female guests who divided their time between the ship's bar, the swimming pool and the promenade deck, where they approvingly watched the Pasha force his unwelcome attentions on Konstanze. A photographer snapped everyone as they boarded during the overture, and the "abduction" was attempted in a dinghy slung over the side. The libretto had been altered to suit this scenario, so it was never clear what Belmonte or

as Renée Auphan Blonde were doing on board. Balancing innovation with respect for the composer is never easy, hut a few hasic principles need to be followed. One is that updated settings must remain true to the situations of the original. Another is that the staging must cohere with the music. On both counts, the Geneva Entführung fell flat on its face, Mozart's music speaks eloquently of a clash of cultures - but apart from the rude sound of the ship's horn, the only culture-clash here was an anachronistic Osmin in turban and baggy trousers. The libretto speaks of fidelity, tolerance and forgiveness - but this production spoke only of trivialities.

William Orlandi's expensive shipboard settings were calculated to create an "effect", and the Geneva andience duly applauded. But they swamped the poor singers, who might as well have been reciting "A Life on the Ocean Wave". As Konstanze Mariella Devia struggled in vain to throw off the image of a frigid frump though she has the vocal equipment for the part. Bruce Ford's Belmonte was bland and poorly projected, and Gunter Missenhardt's Osmin has seen better days. None was belped by Dietfried Bernet's stolid conducting.

### Jazz/Garry Booth

### Gurtu's secret weapon

axophonist Jan Garba-rek plays Lap folk songs on one record and against Gregorian chants on another; pianist Bheki Mseleku owes as much to the South African township as he does 52nd Street; hypnotic hip-hop and reggae drum patterns are now the backbone of Courtney Pine's work. Is jazz hecoming the miscellaneous tray of music? Or is the art of improvisation extended and enriched by the sound of didgeridoos and Gambian thumb pianos? Yes, in safe

The Indian percussionist Trilok Gurtu, who last week embarked on a European tour at the Festival Hall, takes "crossover" a stage further hy making his exotic orchestra of percussion the focus of a small group. Where lesser percussionists might sound over-exposed centre stage, Gurtu leads through sheer exuberance and firepower. He squats on the floor surrounded by cymbals. gongs, shakers, rattles and sticks; a modified snare drum

and high hat are used for con-

ventional rhythm accompani-

ment. The secret weapon is the · table: Gurtu's first instrument, which he started on at the age of six.

Billed as the Crazy Saints -Andy Emler (piano), Dave Gilmore (electric guitar) and Chris Minh Doky (bass) - the quartet makes a sylvan form of jazz rock which is marked by sharp mood changes. While Gurtu rummages among the shells and husks which make up his shakers, heroic guitarist Gilmore works out a serpen-tine solo feature which verges on the heavy metal. By changing to snare and cymbal, Gurtu turns the group dynamic on a sixpence to colour a sonorous and sensitive double bass excursion from Minh Doky.

Absorbing though Gurtu's colouring is, blistering tabla work is what the people want. The 44-year-old squeezes an extraordinary range of sounds from the Indian classical drum. Even as the beats-per-second meter approaches the red line. Gurtu raises the percussive effect by simultaneously scatting a clacking vocal counter-point Jazz rock fusion needs a new voice and Gurtu has got it.

# INTERNATIONAL

### ■ AMSTERDAM

CONCERT Concertgebouw Tel: 31-20-5730573 Benjamin Schmid and Tanja Tetzlaff: the violinist and cellist perform works by Ravel, Ysaye, J.S. Bach and Kodaly: 8.15pm; Mar 13 OPERA .

Het Muziektheater Tel: 31-20-5518117 L'incoronazione di Poppea: by Monteverdi. Conducted by Christophe Rousset and performed by De Nederlandse Opera; Mar 12,

## BERLIN

**■ HANOVER** 

Mar 12, 14

THEATRE Niedersächsisches Schauspielhaus Tel: 49-511-321133 Death of a Salesman: by Arthur Miller (in German). Directed by K. D. Schmidt. The cast includes

Schories, Simon, Rasch, Mahlberg, Baumgartner and Brandhuber, 7.30pm; Mar 12, 14

### ■ LONDON

CONCERT Wigmore Hall Tal: 44-171-9352141. Raiph Kirshbaum: tha cellist performs J. S. Bach's cello suites Nos. 2, 5 and 6; 7.30pm; Mar 13

Royal Opera House - Covent Garden Tel: 44-171-2129234 • The Royal Ballet: perform tha choreographies Rhapsody by Frederick Ashton to music by Rachmaninov and The Invitation by Kenneth MacMillan to music by Seiber, new works by Ashley Page and Matthew Hart to music by Liszt and Britten; 7.30pm; Mar 13, 15

**OPERA** London Coliseum Tel: 44-171-8360111 Don Pasquale: by Donizetti. Conducted by Maria Hegarty and performed by the English National Opera; 7.30pm; Mar 12, 14

### **■ LUXEMBOURG**

CONCERT Théâtre Municipal Tel: 352-470895 Orchestre Philharmonique du Luxembourg: with conductor Gerard Oskamp and planist Howard Shelley perform Beethoven's Piano Concerto No. 4 in G, Op. 58 and Liszt's Faust Symphony: 8pm; Mar 14

### 

**OPERA** Testro alla Scala di Milano Tel: 39-2-72003744 Nabucco: by Verdi. Conducted by Riccardo Muti and performed by the Teatro alia Scala. Soloists include Renato Bruson, Mariana Pentcheva and Carlo Colombara; 8pm; Mar 12, 14, 16

### **■ MUNICH** OPERA .

Tel: 49-89-21851920 · Serse: by Handel. Conducted by ivor Bolton and performed by the Bayerische Staatsoper. Soloists include Ann Murray, Kathleen Kuhlmann, Christoph Robson and Julie Kaufmann; 7pm; Mar 13

### ■ NEW YORK

CONCERT Avery Fisher Hall Tel: 1-212-875-5030 New York Philharmonic: with conductor Leonard Statikin and percussionist Evelyn Gjennie perform works by R. Strauss, MacMillan, Chabrier, Satie and Ravel; 7.30pm;

Mar 12 OPERA · Metropolitan Opera House Tel: 1-212-362-6000

■ La Forza del Destino: by Verdi. Conducted by James Levine and performed by the Metropolitan Opera. Soloists include Sharon Sweet, Plácido Domingo and Vladimir Chemov; 8pm; Mar 12, 16 (1.30pm)

### **PARIS**

CONCERT Salle Pleyel Tel: 33-1 45 81 53 00 Orchestre Philharmonique de Radio France: with conductor Stanislas Skrowaczewski and

clarinettist Sabine Meyer perform Mozart's Clarinet Concerto, Panufnik'a Noctume and Shostakovich's Symphony No. 10; 8pm; Mar 15 OPERA

Théâtre de l Opéra Comique Tel: 33-1 42 44 45 46 Il Barbiere di Siviglia: by Rossini. Conducted by Stefano Ranzani and performed by the Opéra Comique and the Ensemble Orchestral da Paris; 7.30pm; Mar 13

### SAN DIEGO EXHIBITION Museum of Photographic Arts Tel:

1-619-238-7559 For my best beloved Sister Mia: An Album of Photographs by Julia Margaret Cameron: more than 100 Images from an album Cameron : presented to her younger sister, Mia. Jackson in 1863. The first American shewing of the album that features rare views of family life in 19th-century England: from Mar 13 to May 14

### ■ STOCKHOLM:

Kungliga Teatem - Royal Swedish Opera House Tel: 46-8-7914300 ● La Traviata: by Verdi by Kjell ingebretsen and performed by The Royal Opera Stockholm; noon; Mar 12

### **■**STRASBOURG

THEATRE Théâtre National de Strasbourg Tel: 33-88 52 17 63 .... • The Seaguil: by Chekhov (in : French). Directed by Alain Francon.

starring Dominique Valadie, Clovis Comiliac, Jean-Pierre Dougnac and Valerie Dreville; 8pm; from Mar 12 to

### **■ STUTTGART**

OPERA

ter Stuttgart Tel: 49-711-20320 L'Italiana In Algeri: by Rossini.
 Conducted by Gabriele Ferro and performed by the Oper Stuttgart. Soloists include Roland Bracht, Gabriela Herrera, Etusko Kanoh and Gustavo Gibert; 7.30pm; Mar 13, 18 (8pm)

### ■ VALENCIA

CONCERT Palau de la Música i Congressos Tel: 34-6-3375020 Vladimir Ashkenazy: the pianist performs works by Beethoven and Chopin; 8.15pm; Mar 13

### \*WASHINGTON CONCERT

Concert Hall Tel: 1-202-467 4600 National Symphony Orchestra: with conductor Hugh Wolff and violinist Cho-Liang Un perform works by Stravinsky, Haydn, Bolcom and Seethoven, 7pm; Mar 12

Opera House Tel: 1-202-416-4600 Cosi fan tutte: by Mozart. Conducted by Richard Bradshaw and performed by The Washington Opera. Soloists include Pamela Cobum, Jan Grissom, Delores Ziegler, Richard Croft and Jerry Hadley; 8pm; Mar 12, 14,

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FT Business Marning 10.00 European Money Wheel Nonstop live coverage until 14.00 of European business and the financial markets

17.30 Financial Times Business Tonight

Midnight Financial Times Business Tonight 



share selling since the 1987

The White House reacted

administration's sagacious

economic policies. While

Republicans in New Hamp-

shire were complaining of the

economy's appalling weak-

ness, it was actually creating

jobs at a fabulous rate. Aides

reminded the press that some

8.4m extra jobs had been cre-

ated in the past four years -even more than Mr Bill Clin-

ton had promised during his

Market and political reac-

tions were both overstated.

One month's figures are never

ing of the husiness outlook.

invaded Kuwait in August

1992 presidential campaign.

mini-crash.

Michael Prowse · America

# **Economic uplift**

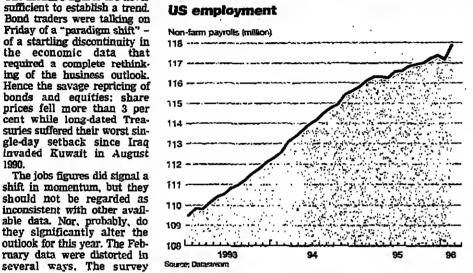
An unexpected surge in employment has blown away fears of recession and increased Clinton's chances of re-election

There was a mood of stunned occurred late in the month disbelief on Wall Street on Priwhich usually results in an day following the announceoutsized increase. Analysts ment that payroll employment also noted that seasonal had risen 705,000 in February adjustments at this time of - the largest monthly gain year are unreliable: jobs have since the Reagan boom of the seemed to surge in February early 1980s. Economists were expecting a sizeable rebound in three of the past six years. Allowing for the loss of jobs following a sharp drop in Janin January, job gains have averaged about 220,000 during uary when activity was disrupted by blizzards. But an increase on this scale was not seen as remotely possible. The report crushed hopes of fur-

the past three months. That is somewhat above the average of 150,000 for last year, but not indicative of a surge in ecother cuts in short-term internomic activity. The jobless est rates and prompted some of the most frantic bond and rate has fallen to near the bottom of the 5.4 to 5.8 per cent range of the past 18 months, but not into uncharted territory. And weekly figures on with undisguised glee. The drop in the jobless rate to 5.5 claims for state unemployment insurance continue to per cent, from 5.8 per cent in January, was yet another vindication of the Clinton run at a high level, suggesting the tightening of labour markets is fairly modest.

Other data paint a consistent picture of an improving, but not vibrant economy. Factory orders were up more than expected in December and January. Data on car and department store sales last month showed encouraging buoyancy. Consumer confidence rebounded smartly. All this suggests much of the weakness in Jannary data reflected special factors such as the severe weather, two

why employment rebonnded so sharply. government shutdowns and



the after-effects of a long The Fed is fighting inflation, strike at Boeing, the aircraft makar. The economy was price outlook remains pretty undoubtedly sluggish at the encouraging. end of last year: economic In February average hourly earnings declined fractionally growth in the fourth quarter in spite of the surge in hiring. dropped to an annual rate of Producer and consumer prices did rise more than expected in only 0.9 per cent. But it seems that bond traders were wrong

that precedes recessions. What many economists have overlooked is the degree of downward pressure exerted during most of last year by companies' efforts to reduce excessive inventories, or stocks of unsold goods. Companies were not destocking: they were simply increasing inventories at a progressively slower pace. But this slower rate of increase significantly depressed production and job growth. Recent data suggest the rate of stockbuilding may finally be stabilising and could begin to rise. The lifting of this downward pressure from inventories helps explain

to fear the kind of softness

Investors were right to assume that Friday's data quashed any remaining hope of another cut in sbort-term interest rates at the Federal Reserve's policy meeting this month. But the talk in some quarters of the possibility of rate increases was premature.

> recession later this year. But the best bet remains modest growth and stable inflation. This is reassuring news for Mr Clinton. There is a simple economic law governing general elections. Incumbent presldents tend to win a second term provided they can count on the benefits of a solid business expansion. Presidents Carter and Bush could not, and they were turfed out despite the formidable advantages of incumbency. Presidents Johnson, Nixon and Reagan could, and they swept triumphantly back into office. Although a business downturn is still conceivable later this year, the US economy now seems to be rooting for

January. And on Friday

Columbia University reported

the first increase in 15 months

in its leading indicator of

inflation. But these blips are not thought to have alarmed

the Fed. It believes the data,

as a whole, still point to stable

Far from being a source of

alarm, the jobs figures suggest

Mr Alan Greenspan, Fed

cbairman, has once again accurately judged the econo-my's pulse. In last month's

monetary testimony to Con-

gress, he upset bond traders

by saying the economy was

fundamentally sound. He pre-dicted growth of 2 to 2.25 per

cent this year. If you allow for a flattish first quarter, that

implies a mild acceleration

during the year to perhaps an annual rate of 2.5 to 2.75 per

If the sharp increase in bond

vields is sustained, or if long

rates were to move towards 7

per cent, this forecast could

prove too optimistic. Indeed

some economists argue that the plunge in share and bond

prices has raised the risk of

rather than rising inflation.

# ·LETTERS TO THE EDITOR

Number One Southwark Bridge, London SEI 9HL

We are keen to encourage letters from readers around the world. Letters may be faxed to +44 171-873 5938 (plants are the to fine), e-mail: letters.editor@fc.com Translation may be available for letters written in the main international languages.

### Lack of cash for quality franchises

From Mr R.I. Riding. Sir, Richard Gourlay in "A fraught relationship" (March 7) reports that there are not enough people interested in buying a franchise. However, the situation is oot that people have lost interest in buying, or that franchising has in some way fallen out of favour.

More people than ever are aware that there is far less risk in going into business under the umbrella of a franchiser than in starting np alone. However, There are two forces at work. First, fewer people have capital tied up in the equity of their bomes which can be released by remortgaging to finance the purchase of a franchise. Second is the question of the quality of affordable

The two are inseparably linked. With the market sbort on capital, franchisers offering the more substantial and. therefore, more attractive propositions at around 250,000 to £100,000 are finding it difficult to make headway, and companies which might have turned to franchising as franchisers have got the message and are keeping out of the market.

This has caused franchising to move down market with a surfeit of low-cost franchises at prices to suit today's conditions. But the problem is that prospective franchisees are finding them less attractive and they are less inclined to bny. Hence, the shortage of

buyers. Regrettably, we may now have to wait until the return of something approaching the situation when franchisees had ample equity in thir homes to support a purchase before people will again be able to afford the franchise of their

R.I. Riding, editor, Franchise World, 37 Nottingham Road, London SW17 7EA, UK

### The economist's role in fantasy and 'momentary fluctuations of affairs'

From Mr D.F. Eccles.
Sir, Barry Riley ("Vote now, we'll bill you later". March 2/ 3), referring to the recent rise in bond yields, writes: "It is typical fantasy of politicians at Westminster to believe that juggling with monetary policy can transform the economy." But they learnt this fantasy from economists; from the likes of Keynes and his

disciples in the 1930s, who provided academic justification fo what, after the war, became known as the "cheap money policy". Anybody who bought gilts at that time, when the former economist Dr Dalton

was chancellor, now sees the nominal value of his investment less than half of what it was then, and in real terms was wiped out years ago. Barry Riley writes: "The politicians are taking on obligations that they or their

successor may not, in the long

run, be able to honour." To which one is bound to reply "So what else is new?"". Adam Smith, more than 200 years ago, spoke of "That insidious and crafty animal, vulgarly called a statesman or politician, whose councils are directed by the momentary

fluctuations of affairs". If he

virtually token licence fee.

The Petroleum (Production)

Act of 1934 and UK Continental

were writing today he might well be adding "in accordance with advice from the country's leading economists"

I believe that during the American depression of the early 1930s somebody said "If all the economists in Washington were laid end to end. . the best thing we could do would be to leave them like that".

Urbanizacion Trayamar, Conjunt Villa del Mar 46. Apartado de Correos 4, Torre del Mar. Malaga, Spain

### UK government abandoned oil rights

From Dr Ian Rutledge and Dr Phillip Wright. Sir. We note that Wood Mackenzie ("North Sea oil output expected to rise by 5 per cent to record". March 4) considers one of the factors contributing to the UK's record oil output is "an attractive and stable fiscal regime". Attractive indeed, since for fields given development permission after 1993, the absence of any royalty or taxation other than corporation tax means that the

Shelf Act of 1964, effectively established that the British people have collective property rights in onshore and offshore oil resources. This was originally reflected in the charging of royalty and petroleum revenue taxes for the use of these resources. Abolition of these charges in 1983 and 1993, respectively, has meant the government, in every material sense, abandoned these property oil companies pay absolutely nothing for the oil other than a rights.

to see. However the recent . report by Petroconsultants (Annual Review of Petroleum Fiscal Regimes 1995) clearly thought otherwise. They apparently took the view that no sensible government would actually continue to give its natural resources away. Ian Rntledge.

Whether this is a "stable"

taxation regime, we shall have

Phillip Wright, energy studies programme University of Sheffield, 11 Abercromble Street. Chesterfield S41 7LW, UK

### Antipersonnel mines: the buck stops nowhere use, I wrote a resolution which

was passed in the European

From Mr Tony Cunningham

MEP. Sir, I wholebeartedly agree with Hugh Dickinson's article "Truth of the matter" (March 2/3) lamenting the new levels of irresponsibility reached by the UK government over arms sales to Iraq, I am currently deeply involved in the international campaign to ban antipersonnel landmines, murderous weapons which kill or maim someone, somewhere in the world every 15 seconds. As one would expect, there is worldwide condemnation of

their production, trade and

parliament almost unanimously last June calling for an outright ban on APMs and destruction of stockpiles. But, as in the arms-to-Iraq for APMs. The buck stops

affair, it is impossible to find anyone to admit responsibility nowhere, it just keeps going round and round. Aware of public outrage at these murdarous weapons, yet determined not to upset their domestic arms traders, the UK government only defines antipersonnel mines as

something the UK does not produce, although it produces (and exports) other devices (landmines by any other name) also capable of blowing legs off little boys, Frankly, it will be no consolation to a little boy who has just had his leg blown off that the UK government deemed that it was a device not an antipersonnel mine.

Tony Cunningham. Labour spokesman on development issues, European Parliament, 97 rue Belliard, 1049 Brussels, Belgium



11:00 am.

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where your PCs are?

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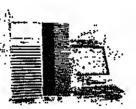
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### Personal View · Geoffrey Howe

# No longer part of the convoy

This week's white paper may offer the UK its last chance of averting isolation in Europe



government will this week .: publish a white paper setting out its views on the European Union's intergovernmental conference (IGC)

which begins in Turin later this month. The first comprehensive statement of UK policy towards Europe for over 18 months, it comes exactly five years after John Major said in Bonn that he wanted Britain to be "where we belong - at the very heart of Europe, working with our partners in building the future". Every one of his predecessors, from Harold Macmillan to Margaret Thatcher, had proclaimed the same objective at one time or another though none quite so eloquently.

Things look rather different today. In a Europe that is much less starry-eyed than five years ago, Britain's approach to the conference has been hedged in by a series of negative commitments. They include objection in principla to any increase in qualified majority voting in the Council of Ministers, opposition to enhanced powers for the European Parliament, resistance to strengthening the role of Brussels in the intergovernmental pillars for foreign policy and home affairs, and rejection of any merger of the EU and the estern European Union in defence. Britain has, in short, turned down every one of the key reform proposals of the German government - and remains outside the social chapter and aloof from mone-

tary union. There has been a handful of slightly more positive proposals - for example, strengthen-ing subsidiarity by devolving more to member states, and increasing openness in EU decision-making. But these have done little to offset the overall impression of Britain not just as the slowest ship in the convoy but as one that is

all but at anchor. Reinforcing these detailed positions has been an all-toooften strident rhetoric of national independence and for both countries - as it is for opposition to closer integration the Commission which backed



Lord Howe: Britain the slowest ship and all but at anchor

of maximising Britain's influ-ence by common action with friends is rarely put. The positive reality of sovereigntysharing in Europe is never proclaimed, seldom even admitted. This approach has been any-

thing but cost free. At the most hasic, it has engendared the view in European capitals that it will be difficult, if not impossible, to do serious business with the UK this side of the general election. More important, the absolutism of the UK position has clouded and weak-ened the legitimacy of many of

the claims London is making.

Most serious, the continental agenda has been moving on to find ways of outmanoeuvring Britain. The Germans, in particular, have concluded that agreement among all 15 states to deepen the EU will be axtremely difficult. Bonn is now thinking explicitly in terms of creating a two-speed Europe, with those unwilling or unable to go further and fas-ter excluded from the top table. It has already secured the agreement of Paris to this approach, first unveiled in the small print of a Kohi-Chirac communiqué before Christmas. At Baden-Baden in December, the French and German leaders agreed that the treaties

allowing states which are able and willing to develop among themselves reinforced cooperation" within the Union. This initiative is a radical departure from the previous orthodoxy of resisting opt-outs

should be amended to include

"a clause of geoeral character.

per se. The argument in favour it two weeks ago (as Ian Davidson argued on these pages last week). To compound this, the French negotiating position on the intergovernmental conference, leaked to the press, reveals that Paris wants conventions in the home affairs pillar of the Union to come into effect even if signed by fewer than 15 states. The current UK veto on the European Court of Justice adjudicating in home affairs, for example, would thus be evaded.

Equally, the French and German foreign ministers agreed two weeks ago to recommend that in foreign policy "con-structive abstention" should largely replace the veto. Countries opposing an initiative could simply not be bound by it. Whatever the merits of such an approach - I believe the big five EU states should retain the veto in foreign policy, in return for only the smaller states being exempted from an ohligation to follow joint policy - it does mark an important

new development. The leitmotif of the 1996 conference looks unlikely to be the conversion of the EU into a federal European state, as Bonn originally wanted and London so feared. Rather it will focus on developing a made-to-measure core Europe for a few ambinous states mov-

ing forward on their terms. The British government thus risks finding itself hoisted on its own petard. A "multi-speed. multi-track. multl-layered" Europe was, after all, John Major's European vision. The UK can hardly object if others pick up the idea and run with it as their own. Nor can Lon-

of any "further and faste clause" should require a safet catch of unanimity among th 15 every time it is used.

Britain has succeeded i Europe in the past by goin just fast enough for others no to change the rules of th me. At the intergovernmen tal conferences which led t the Single European Act an the Maastricht treaty, the U took care to avoid boxing itse into a non-negotiable position Even now it should be possib to re-establish that pragmat approach. The more positiv note struck by Malcolm Rl kind, the foreign secretary, i last week's Paris speech migt just signal a welcome recogn tion of the need to do so. To say that core areas mu:

remain subject to unanimon decision-making need ne mean there can be no increas in majority voting as a matte of principle. Likewise, buildir a more open and democrat Union will involve finding rea new powers for national parli ments - in co-operation wit the European Parliament rather than pretending the existing institutions need litt change. France is not the on country that could be ready back compromise along the lines, particularly if couple with a more dominant foreig policy role for the larger state Multi-speed Europe wa meant to lead to a variegate pattern of intergovernment. co-operation, involving diffe ent states in different wav The risk always was that would offer a route ma towards a closer union of small group of states. Th building blocks are being pi in place for just such an inne core Europe, from whice Britain will be invited to exclude itself. The isolatic which the UK has avoided for so long could thus become th

relations. Such a development miel be liailed by some as a trium; for British diplomacy. In fac it would be a national defeat. significant proportions. The week's white paper offers pe haps the last chance of aver ing that risk. The British go ernment must recognise th importance of this opportunit before it is too late.

general pattern of its Europea

Lord House was UK chancell 1979-83, foreign secretar 1983-89, and deputy prime

(provided free of charge with each network components, from servers pentium | Digital PC), ServerWORKS gives you and PCs through to hubs and I I regal Epopurus 1986. In real and the Decial Logous trademake of Decial Epopurus 5 organisms 17, 154 leads and Decial Province Province at trademake at least Commission

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# Euro-bids and mergers

and Ciba were to merge serves as a reminder that it is chiefly the volume and hostility of what hap-pens in the English speaking mar-kets for corporate control that makes them different. Ciba itself was, after all, the product of a merger. The interesting question is whether continental Europe is about to see a much enhanced

degree of merger activity.
Such a davelopment would be in the interests of the economies concerned. Admittedly there is evidence to suggest that surprisingly few mergers and acquisitions in Britain and the US have added value. Yet the supporting data come from a period in which illconceived conglomerate activity was rife and British companies in particular thought that it would be easier to confront international competition by amalgamating for control with other - usually not vary

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strong - domestic companies. In contrast, the striking feature of the current increasingly frenetic wave of mergers and acquisitions is how many of them are driven by sound business logic. In a disinflationary world, they provide a means of increasing profits through cost-cutting, when consumer resistance in product markets makes it harder to generate increased revenue. That certainly provides part of the logic of the

Mergers and acquisitions are widely regarded as an Anglo-Saxon habit. Last week'a announcement that the Swiss pharmaceutical groups Sandoz are also an effective way of dealing with numerorarity in mature

equivalent to nearly £10bn following the merger announcement With a commitment to nearly £1bn of cost cuts, the enlarged group will clearly be more profit-able. There is some academic evidence that domestic mergers between companies of broadly comparable size work better than more disparate ones. Since the merger will be effected by a pool ing of interests, it will involve no damage to the halance sbeet resulting from a costly premium

whole of continental Europe would be unwise. Corporate governance in most countries imposes little pressure for such change. Employment protection legislation is often such that redundancies, far from cutting costs, would actually prove prohibitively expensive in home markets. Above all, the concept of shareholder value commands only tentative adherence in .continental Europe. There will be Ciba-Sandoz merger, as it did with takeovers and mergers, but no the earlier hid by Glaxo for takeover boom.

### Taiwan tension

China's missile tests off Taiwan are dangerous because of the tension they have sparked. They are also crass because they could scarcely be better designed to drive Taiwan's voters into support of formal independence. That is the opposite of what China wants. The outside world cannot sit

idly hy, but its reaction must be measured. The tests are far too close to Taiwan. But they are in International waters. There has been no accident involving damage or loss of life. To encourage Talwan in its drive for international recognition would inflame an already volatile situation.

Yet to leave Taiwan to China's mercy just when it has completed the process of democratisation would be a shocking aignal of indifference. The danger lies with escalation. Beijing must be left in no doubt that the consequences would be grave. In the event of an attack, Taiwan would receive the West's strong support.

There would be no need for direct Western military interven-tion. But the US and its allies should show support now by accelerating the delivery of defensive equipment China should understand that even escalation short of an attack such as a blockade would bring economic and

diplomatic isolation. Western diplomacy should also aim at persuading the two sides to talk. China will never win Taiwan, over to unification if it remains unfriendly. A democracy with a dangerous if they do not.

\$12,000 will not fall willingly into the arms of a dictatorship with a per capita average income of \$500. Beijing has to recognise that to achieve unification in the long term, the starting point must be better relations now.

For that, China will have to deal with Mr Lee Teng-hui whose presidential mandate is likely to be confirmed in the looming election. Mr Lee is formally in favour of eventual unification. He is expected to seek fresh contact with China after the poll. The West should encourage Beijing to respond positively.

The outlines of a deal are discernible. Taiwan might reaffirm its long-term aim of unification and drop its campaign for a seat in the UN. In return China might agree to abandon military pressure, to open direct shipping links and permit representation for Taiwan in some international bodies anch as the World Trade Organisation. With a strong popular mandate Mr Lee should be able to sell such a deal at home.

How the ageing Chinese generals who appear to determine policy on Taiwan would react is another matter. Clearly aghast at the prospect of Taiwan's elections being seen by millions of disenfranchised Chinese on satellite television, they seem bent on aggression. They should consider the merits of a conciliatory approach. The world will be more

ing with nvercapacity in mature industries undergoing deregu-lation - witness the rationalisa-tion of US commercial banking through bids and deals.

It follows that the capital mar

Yet to assume that this logic will prove compelling across the

### The NBC president tells Raymond Snoddy about his plans for business television and his hopes for the Internet

Tuned to a vision of the future

The new channel, broadcast from the Astra satellite system, will The launch of the NBC husiness include six hours a day of European husiness news provided by FTTV, part of Pearson, publishers of the Financial Times, at least six hours of US business coverage from the channel in Europe is the latest move by a company that was in the doldrums four years ago. Although It controlled nne of the three main US networks, it was suffering from American CNBC channel and 14 poor ratings and weak advertising hours of live coverage from the revenues.

General Electric, the diversified engineering group which nwns it, was considering selling nut. But talks with Walt Disney foundered on price while those with Time Warner collapsed because the US group's film production arm did not want to be limited to distribotion through a single one channel.

But with renewed GE backing, NBC has fought its way back to the top of the US television ratings. It has made a successful \$2,3bo (£1.5bn) pre-emptive strike to secure the American television rights to all Olympic Games to 2008. And it has created a venture with Microsoft, the computer software group, for a new type of communications net-

NBC's commitment to building up a new television genre - business news - goes back nine years. The CNBC service is available in more than 60m homes in the US through cable and has an audience share of 0.4 per cent during the day and 1.4 per cent in prime time. But it is at the workplace - largely ignored by conventional ratings - that CNBC

has scored its greatest success. "It was the service of choice in the workplace, especially any business that had a financial services component," says Mr Wright. "It has become a fixture on trading floors and especially on the equity side of the business. You cannot find a place where it isn't on."

will be much more difficult to establish the channel in Europe. It would, however, have been foolish, he believes, to concentrate entirely on the US in an age of growing global markets.

"You need to have as good a coverage of the Asian and European markets to keep the service credible," he says.

Business news will also remain on NBC Super Channel, the group's existing satellite channel which carries a mixture of husiness and entertainment, for the foreseeable future - to give it the widest possihle distribution. But Mr Wright says the eventual aim is to turn Super Channel Into a general entertainment channel in the NBC

mould with regular news updates. To maintain its premier position in the US market, NBC has the summer and winter Olympics for the next 12 years. Expensive though the commitment was, it gives the network stability and certainty over what Mr Wright describes as "the world's premier sporting entertain-

aiso offered the International Olympic Committee stability of ficancing and access to maximum audieoces in a growing age of pay television. "What they wanted desperately is to have the bulk of the Olympic Games available for free and available to everybody. We gave them a way to guarantee

that," says Mr Wright.
The link with Microsoft is an attempt to establish whether there is a market for new forms of television on the Internet. It grew out of Microsoft distributing 15 CD-Roms The NBC president concedes it every year based on NBC pro-

grammes about subjects such as financial planning for retirement. The computer company wanted to licence NBC news material so that subscribers to the Microsoft Network service could get access to it through the Internet.

Instead, the two organisations came up with the idea of a joint venture involving two closely linked channels, one on cable and the other on the Internet. Microsoft agreed to invest \$220m for a 50 per cent stake in NBC's existing cable channel, America's Talking - a topical television version of talk radio.

"We agreed to take that service, reconfigure it and make it as Interactively friendly as any television channel can be," says Mr Wright. Throughout the service there will be regular alerts to draw viewers

attention to stories that will be dealt with in depth on Microsoft Network. Those who log on will get details of the main features running on the cable channel.

The slowness of the Internet

means that there will only be still pictures at first, but the two companies have ambitious plans once high speed modems are available and cable systems upgraded.

We will transmit full motion video on the interactive service," says Mr Wright.

At the moment NBC is looking for a new site near New York for the staff oo the two complementary channels which will be launched to coincide with the Atlanta Olympics in July. He wants the building to accommodate the staff of both channels on a single floor. The hope is that information can flow from one channel to the other, improving the quality of Microsoft Network and with it the standard of wbat

is available on the Internet. In countries such as the UK. Mr Wright believes that fast access to the internet may be what finally belps cable establish itself. He used tn run cable television networks in Denmark, and feels that without such added benefits for the consumer, the future of cable in the UK is still an open question despite the increasing flow of revenues from telecommunications.

"If I was a banker asked to lend £100m to a cable operator. I would want to know how I was going to get my money back given the fact that there is so much satellite work going on." the NBC president says. He points out that only 21 per cent of those who can subscribe to cable networks actually do. Mr Wright helieves that the Microsoft Network, despite begin-

ning mainly with graphics and data will eventually turn out to be an important venture. His hunch is that people will want to watch moving pictures on their PCs - every time NBC has introduced moving pictures to its professional screenbased services in the markets they have been welcomed. Whether or not his hunch on

moving pictures on PCs turns out to be correct, be is convinced that a company such as NBC cannot afford to base its business entirely on one channel, however successful. NBC is now involved in a total of 18 cable and satellite services.

Proposals to move the existing US networks to digital transmission will free frequeocies for other uses but clearly brings dangers for broadcasters such as NBC which have traditionally carried a broad range of programmes on a single oetwork channel.

But as CNBC launches in Europe. the business news about NBC is

"We have a premier position in the business both from an economic standpoint and a viewer standpoint. But it's a fragile position. It's ours to hold that position or lose it," Mr Wright insists.

# PFI, not bad?

Mr Michael Jack, minister responsible for the UK government's Private Finance Initiative (PFI), cracked rather a good joke last week, given his subject matter. The PFL he said, would put an end to the "B-A-D old days", by which he meant the days of Build

and Disappear. He put his finger on one of the virtues of PFI, the government's policy for boosting the private sector's role in public sector investment. The PFI unites responsibility for construction and operation. The provider of infrastructure be it a road, prison or hospital - is also the provider of the associated service, and therefore bears the risk of ensuring that assets are available on time and that they

remain serviceable. The challenge for the public sector is to weigh the resulting quality and efficiency gains sgainst the higher cost of capital charged by the private sector. It can then decide, case by case, which option offers best value to the taxpayer. So much for the theory. It is the

practice which is highly problematic. Three years after its launch, the PFI is progressing at a snail's pace in most spheres. So far its main impact has been to delay state investment. Only by including the fast rail link to the Channel tunnel does projected investment under the PFI appear respectable. Yet the fast link took more than five years to agree, and is in a class of its own. More telling is the virtual absence of PFI would be back.

deals in important areas such as defence and local government. Some of the hold-ups are of a transitional nature. One current problem - doubts over the liability of the state to meet obligations entered into by health service trusts, which are government agents in every respect - is being addressed by emergency legislation this week. This issue has been a thorn in the side of large hospital PFI projects for more than a year. The delay in tackling it is typical of the lackadaisical

attitude to the PFI evident across

most of Whitehall Not all the problems are so easy to resolve. Deciding on the optimal degree of risk transfer from the public to the private sector is a fraught issue. Equally difficult is the task of making fair comparisons between the cost of traditional and PFI procurement. In many areas, notional PFI gains depend on assumptions as to the "inevitable" cost over-run of a traditional public procurement. Yet

about the comparator in question. It is also vital that firm control is maintained over contingent liabilities. Until accrual accounting reaches Whitehall at the end of the decade, the extent of future PFI spending commitments will not be fully apparent. If the PFI were to veer to the opposite extreme from now and become a vehicle for uncontrolled public spending, the bad old days really

this begs important questions

### Budgeting for results

he battle for the Euro-

pean business television audience Intenaifies

today with the launch of

CNBC Europe, a

round-the-clock business cable and

satellite channel, in the face of

CNBC channel in Asia launched a

"That's more than 24 hours, so

something will have to get left out,"

says Mr Bob Wright, president of NBC, the US network that owns

CNBC, who has been responsible for

overseeing the international expan-

In Europe, CNBC will face very

tough competition from European

Business News, the 24-hour TV

business news service launched by

Dow Jones and Flextech, the media

EBN is on the Eutelsat satellite 24

hours a day and an early morning

segment is part of the Sky multi-

channels package. On Friday EBN, which is available on cable oet-

works in the UK, announced that it

had obtained access to the cable

networks of Hesse and Hamburg.

including Frankfurt. There are no

detailed viewing statistics ao far

although KBN is available in 12m

"It a crowded marketplace out

there for news and CNBC is not

going to find it particularly easy."

Mr Michael Connor, EBN managing director, said yesterday.

The big unknown is bnw large a

potential audience there is, no-one

knows at this stage whether there is a market for business TV in Europe.

Some answers are expected next

month with the results of a pan-

European survey of the viewing

habits of high earners in Europe.

group, 13 months ago.

homes across Europe.

sion of the hroadcasting group. .

tough competition.

Mhen bankers visit the world's finance ministers in search of business they face a problem. What sort of memento can they leave behind which will make sure they are remembered with affection? Some like to leave paperweights advertising their bank's tombstones. Others prefer permants, plaques or something silver such as a small case for visiting cards. However, from Canada comes news of a present which any finance minister worth his salt would die for - a

"perception analyser". Just ask Canada's Paul Martin who put a bunch of these gizmos to work use during his budget speech in Ottawa last week. As he was speaking in the House of Commons, Earnscliffe Strategy, a local lobbying and polling outfit, tracked the response of English and French-speaking focus groups in Toronto and Montreal Bach participant had a "perception analyser" - basically, a dial calibrated with numbers from 1 to 100, linked to a central

computer. When Martin made a point that the focus group approved of they recorded a score above 50 - how far above depending on how much they approved. Hints of wasteful spending or cuts to favoured government programmes scored between zero and 50. By the time the minister sat down, the responses had been analysed and Martin had time to adjust his message before the string of media interviews that typically follow a budget speech.

OBSERVER

The idea was to ensure that people "understand exactly what we're telling them", explained a Canadian finance official. Whether or not you believe that, the "perception analyser" seems to deliver results. The budget raised barely a murmur of protest.

### Bottleneck

Every country suffers from bottlenecks. But Russia suffers more than most, judging by an item in Focus, a German weekly.

It reports that 900,000 bottles of Russian vodka found their way into Germany in the first 10 mouths of last year. By contrast German distillers exported 19m bottles of vodka to Russia. Burkhard Baecker, chief executive of Berlin's Schilkin distillery, thinks he knows the reason. The Russians are short of hottles.

### Bear baiting

■ Hope that tiny Estonia knows when to stop batting the Russian bear. Last year, when Russian troops invaded Chechnya. Estonia's parliament loudly condemned the move. Then last

week, the country sent coodolences to rebel Checheo leader Dzokhar Dudayev following the death of guerrilla commander Salman Raduyev who had led a hostage taking mission in a Russian town. The terrible murder of this outstanding fighter shocked us

deeply," said the Estonians.

The connection goes back a few years. Dudayev led a nuclear bomber squadron in Estonia. He married an Estonian. And he claims Estonia's successful fight for independence from Moscow inspired his own. Russians still make up a third of Estonia's 1.5m population, but you would not know it from the Estonian's less than welcoming attitude. No wonder then that the mere mention of the name Estonia gets

Russian blood boiling. Russia's foreign ministry has hlasted Estonia's resolution. Should Gennady Zyuganov or any other hardliner candidate come to power, Estonia might come to regret its righteous impertinence.

### The K factor

Deutsche Morgan Grenfell and Morgan Stanley are running neck and neck in the race to launch Wall Street's first country-specific

DMG thought np the idea first, and filed an application with the US Securities and Exchange Commission two years ago. But Mnrgan Stanley quickly followed

suit and both teams jumped the regulatory hurdle at the same time. Last Thursday DMG edged ahead by being the first to brief journalists. However, Morgan Stanley still has a chance to come away with first prize. It has cocked a snook at its German competitor by hiring German-born Henry Kissinger to be the keynote speaker at hotel.

Clearly, Morgan Stanley has a lot of mooey riding on Kissinger's ability to win the race to attract the most money. Hope he does not pull up before the final hurdle explaining the Intricacies of exchange-traded indexed funds.

### Viewing fare

■ Taxi meters around the world are not always reliable, but those In Algeria have recently proved so popular that they are being stolen, to the cabbles' annoyance. The reason: thrifty Algerians have discovered that, if attached to television sets, the electronic meters will unscramble the popular French pay TV channel, Canal Plus.

There is a downside: a taxi fare appears on the screen along with the pirated picture. Presumably viewers don't mind a running reminder of bow much money they are saving, and the meterless cabbies can alwaya go back to the traditional way of calculating a fare - thinking of a number and

# "Financial Times

### 100 years ago Wealth in Australia

If they are not rich in the Antipodes, they certainly ought to be, for according to Mr Howard Haywood, the value of tha gold discovered in Australia up to the end of 1894 was £317,337,289 - a total that must have been considerably added to last year. In addition to this ecormous output of the yellow metal, the Colonies are blessed in the possession of the "Golden fleece"; for, according to the same authority, wool to the value of 174 millions sterling was obtained in 1894 from the 92 millions of sheep in the country. And yet the Australians are not

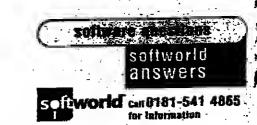
### 50 years ago Shortage of nitrogen

It is a far cry from the International Nitrogen Cartel of the years between the wars, a cartel formed because of excessive world capacity. Yet the shortage of nitrogen has come. It is one of the reasons, too, for the food scarcity, since, apart from the weather, the poor European crops are the result of the lack of fertilisers. That lack will be felt during the current year's crops. Coal shortage is a factor limiting nitrogen production in some countries. In Italy, for example, hydro-electric power, which was formerly used for nitrogen production, has bad to be diverted to other purposes



# FINANCIAL TIMES

Monday March 11 1996



New exercises will affect flights and shipping | Hamas to

# US warns China against war games near Taiwan

By Laura Tyson in Taipei

The US yesterday began moving an aircraft carrier taskforce closer to Taiwan as Washington warned China against further appeared to cover the southern 'risky" acts against the island.

There will be really grave consequences if they try to resolve that problem by force," said Mr Warren Christopher, US secretary of state, referring to China's persistence in threatening Taiwan. "The actions they have taken smack of intimidation and coercion." He also said the carrier USS independence would "be moved somewhat closer

in ... closer to Taiwan China, which began missile tests near Taiwan on Friday, announced at the weekend that it would stage additional and more extensive war games from tomorrow in the 230km Taiwan strait. China's latest exercises will

cause diversions in important

the market's fall as an opportu-

nity to buy. They have been pouring record amounts of

Mr Eric Miller, chief invest-

ment officer at Donaldson Lufkin & Jenrette, said: "The key to this week will be if the bond market

regains its footing."

Many in the bond market

thought that the yield on the long bond could rise as high as

7 per cent in coming weeks. If that happened, Mr Miller said,

the stock market would be over-

Analysts expect European stocks to be marked down in

"Stocks will suffer a bit of a

bloodbath at the opening. There

will an element of catch-up," said Mr David Brown, chief European

economist at Bear Stearns. "Most

people are going to go into the

week very defensive and very

cautious. This is not a week to be

Commerzbank

every year to cover unexpected

tax liabilities and said snch reserves would be more than

enough" to cover any extra

demands which might emerge

from the negotiations with the

tax inspectors. In 1994 the bank

set aside DM585m to cover the

possibility of additional tax lia-

ally bad to increase the size of its original tax bill following dis-

cussions with the tax inspectors.

and sometimes it had money

returned, a process in which the

sums bad balanced each other

out in recent years.

The bank also said it occasion-

Continued from Page 1

valued at current levels.

today's opening session.

money into the stock market.

Continued from Page 1

flights and shipping routes. The naval and air exercises using live ammunition - are to be conducted in the South and East Chins seas between March 12 and March 20. The area

entrance of the Taiwan strait. Taiwan aviation authorities will divert a principal interna-tional flight path to prevent a potential accident. Taiwan said yesterday that more than 300 flights each day will have to alter their routes because of the planned exercises and that flights to Hong Kong, Japan, Korea, south-east Asia and the US would

The measure was taken at the request of Hong Kong as a safety precaution, Taiwan's Civil Aeronautics Administration said. Ships plying routes between Hong Kong and Shanghai will also be forced to divert from their normal path to avoid the exercise

during the exercises, it will be the responsibility of communist China," the administration said.

The exercises will be held in an area covering 17,000 sq km off the south-east Chinese coastal provinces of Fujian and Guangdong. They will overlap with Chinese missile tests begun on March 8 near Taiwan's two largest ports, Keelung and Kaohsiung.

The missile tests are to end on March 15. Held in international waters, they are seen as a message that China has the capability to blockade Taiwan's two main ports, which handle 70 per cent of the island's trade.

The Taipei government yester-day remained adamant that the latest war games would not derail the island's first direct presidential election on March 23.

Chinese media pressure, Page 4 Editorial Comment, Page 15 Emerging markets, Page 24 World stock markets, Page 26

### area. "If any consequences arise Market fears | UK diesel engines group targets world luxury car market

By John Griffiths Perkins, the UK-based dlesel engines manufacturer, is seeking to supply the world executive and luxury car market.

The group, owned by the Varity Corporation of the US, is working on a collaborative project under which it plans to bring together several car manufactur-ers as customers for 2,5 litre-plus, high-performance diesel engines. Mr Mike Baunton, Perkins' chief executive, said the UK company was able to design, develop and manufacture these engines profitably at volumes as low as

45,000 to 50,000 units a year. This is well below the volumes at which a large carmaker on its own would regard such a com-plex project as viable. But by sharing an engine - which would carry each carmaker's brand name rather than Perkins' - carmakers would be able to offer diesel versions of their most prestigious cars even if they were selling only around 10,000 such vehicles a year.

Plans to seek sncb business have little precedent in the 2.5 litre-plus executive and luxury car sector. They coincide with a decision to change the name of the UK groop to reflect more closely its association with its US parent. Perkins' employees, most of whom are based at the company's main manufacturing facilities at Peterborongb, central England, bave been told that

from today the group will become Varity Perkins. Perkins is already one of the world's biggest independent die-

sel engine manufacturers, prodncing 250,000 engines a year for products ranging from lawn mowers to 2,500-plus horsepower industrial generators. A further 50,000 Perkins engines are pro-duced around the world under

Perkins is relatively littleknown for involvement with mainstream car engine develop-ment and manufacturing. The main car engine project with which it has been publicly identified is the Prima diesel used by Rover Group in its former Montego and Maestro models.

Behind the scenes, however, it much more closely involved on collaborative basis, but under confidentiality clauses. Embarrassingly for Perkins, its collabo-ration on engine development with Renault accidently became public last year when one of Renault's Safrane executive cars fitted with a prototype engine was stolen with its trailer in the UK. Mr Baunton said Perkins was

aiming to lift total production to 400,000 units a year over the next few years, mainly through niche utive car diesel engine.

However, he stressed that Perkins had no desire to seek highvolume production contracts for a single engine type from individual carmakers.

"At 100,000 units a year, you would become much too dependent on a single customer. And the future of such business would be uncertain because the carmaker is likely then to consider the volume sufficient to produce

FT WEATHER GUIDE

# resume bombing campaign in Israel

The extremist Hamas Islamic movement, responsible for a wave of suicide bombings in Israel, said at the weekend it was withdrawing its offer of a ceasefire and would resume attacks.

Its warning came as world leaders prepared for an international summit in Egypt on Wednesday, to be chaired by US president Bill Clinton and Egyp-

tian President Hosni Mubarak, to

sbore up international support for peace in the Middle East. Several Middle East governments and radical Islamic groups condemned the "Summit of the Peacemakers" as a cover for silencing resistance to Israeli occu-

pation. in Israel, rightwing opposition Likud party officials accused the summit of trying to bolster the waning electoral pros-pects of Mr Shimon Peres. Israel's prime minister, who has called early elections on May 29 on a platform of making peace with Arabs. Syria refused to say whether it would attend the summit but

said a better way to tackle the crisis would be to reconvene the Arab-Israeli conference. This launched the Middle East peace process, but it went into recess shortly after it opened in Madrid in October 1991. Mr Mohsen Dahloul, Lebanon's

defence minister, said the sum-mit was doomed to failure as it

only aimed to please Israel.

Iran, which has not been invited to the meeting, said it supported the actions of Palestinians. Libya said Israeli "Zionists" and Americans were the greatest terrorist force.

In a leaflet, Hamas's Qassam military wing said it was cancelling an offer of a four-month ceasefire because of raids and arrests by security forces con-trolled by Mr Yassir Arafat, the Palestinian president.
The move defied calls by

Hamas political leaders for an end to bombing attacks and efforts by Mr Arafat to invoke Islam against violence. The New York Times newspaper reported that Mr Mousa Abn Marzouk, head of the Hamas political bureau, who is being held by US authorities, said Hamas wanted to end the violence which has claimed 58 lives, but that the bureau had only limited control over the military wing.

Palestinian forces, who continued their crackdown at the week end, said they had arrested three leaders of the Qassam units, including the second most wanted activist after Mr Mohamed Dief, the Qassam leader who has evaded capture.

Mr Arafat welcomed the summit but complained that Israel's blockade was strangling Palestinians. Israel yesterday said it would grant work permits to another 16.500 migrant workers to replace Palestinians from the West Bank and Gaza Strip.

### THE LEX COLUMN

# Wall Street blues

European stock markets cannot be immone from Friday's bloodbath on Wall Street. But the fallout in Europe, including Britain, should be less extreme. For one thing, the sharp divergence between bond and equity markets in the US has not been followed to anything like the same extent in Europe. Also, the outlook for most European economies remains bleak: by contrast with the US, further interest rate cuts are likely.

But this logic applies less in the UK. Given the British government's apparent abandonment of its safsty-first approach to inflation, the bond market is bound to remain nervous. And valuations in the stock market, by comparison with bonds, already look stretched; the 10 year gilt yield is more than 2.2 times that on equities. British markets, in short, look less protected from Wall Street than most.

### **Pharmaceuticals**

When Ciba and Sandoz announced that their merger would produce annual savings of \$1.5bn - \$1.1bn after tax - investors added \$15bn to their combined market capitalisation, effectively applying a multiple of 13. Are these figures justified?

The problem is that costs may be permanently lower to the tune of at east \$1.5bn a year, but it does not follow that profits will be permanently higher by the same amount. In the short run, the new company will no doubt he able to pocket the savings. But the prospect of super-normal profits is likely to accelerate mergers among rivals - cutting costs throughont the industry. In any normal marcompeted away as companies cut prices. That will not bappen as quickly in pharmaceuticals, because of the cushion of patent protection. But it is hard to believe in a golden scenario where drug companies generate fat profits for ever. Powerful managedcare buyers are already adept at playing suppliers off against each other wherever alternative drugs are available. And if the industry appeared to make excessive profits, governments would impose pricecuts. None of this means companies sbould avoid mergers. A large, albeit temporary, improvement in profits is well worth having. But applying a multiple of 13 to such profits looks generous. Growth stemming from innovation is worth much more.

### Argentaria

Although banks are not the easiest privatisation candidates, the latest Argentaria

Argentaria nffering has plenty to tempt investors. Argentaria has disap-pointed in the past, but earnings now boined in the past, but earnings now look set to grow steadily. And the shares look cheap: at around 8% times 1996 earnings, they are trading at a discount to the sector average, and only a slim premium to book value. Yet Argentaria's 13 per cent return on equity is healthy by European stan-dards, and close to that of other Span-

But timing the offering to coincide with Spanish elections was still a gam-ble. However Spain's new government stacks up, it is unlikely to veer far from the economic programme of the ousted Socialists. But there is always the danger that a minority government could choose to allow inflation and interest rates to creep up - bad

news for banks. Political uncertainty is bound to deter some investors, particularly in the US. But recent market weakness likely to be compounded by Friday's fallout on Wall Street - means investors which can cope with the uncertainty will be getting an even cheaper deal. Still, the risk taken by the sellers is hard to justify: at best, sale proceeds will be depressed; at worst, the reputa-tion of Spain's privatisation pro-gramme as one of the best managed in continental Europe could be jeopard-

### South Africa

Johannesburg's stock exchange, which began screen trading on Friday, is fast opening up to the world. For the foreign Investors South Africa badly needs, Johannesburg's Big Bang is good news. But it will still not solve the exchange's biggest problem; its chronic illiquidity.

Allowing brokers to trade on their own account should help a little. But the root of the problem remains, too many shares are locked up in big.

rarely-traded holdings. Nearly 80 per cent of shares are controlled by just five groups. The result is 8 highly inbred corporate culture. Hostile bids

are virtually unknown.

Conventional wisdom suggests this will unravel as exchange controls are lifted, allowing companies to dump unexciting stakes and invest the proceeds abroad. Maybe. But the controls are likely to be lifted only slowly. And even once they are gone, selling big stakes in an illiquid market will not be easy, it will be much simpler, for example, for Sonth Africa's large insurers to invest their healthy annual cash inflows abroad than to liquidate their existing holdings. More fundamentally, even underperforming holdings represent power and influence which South African companies will not give up lightly.

In the long run, there is no reason why Johannesburg's stock exchange should not be as liquid as any other. But the process could easily take a decads or more.

### Cable and Wireless

It would be unwise to read too much into Cable and Wireless's spurning of British Telecommunication's approaches. Until a new C&W chief executive is in post, all bets over the company's strategy are off. And the fact is that C&W has a number of atrategic options, of which the status quo is probably the least attrac-

Joining up with another big player such as BT would certainly create a group better placed to exploit economies of scale and gain global reach in a rapidly liberalising international market. Equally, C&W could break itself up, creating a number of units which in turn could be snapped up by

bigger telecoms groups.

Nor is BT the only potential bidder,
C&W may simply be playing hard to
get, This would make sense. Given the powerful logic driving international mergers in the telecoms business, C&W - with its unique spread of international assets - has every reason to try to attract other bidders, such as AT&T. With formidable obstacles to a hostile hid for the group, this is a game in which C&W has a strong negotiating hand.

The fact that the new chief executive will need to jethink the company's strategy from scratch is, though a problem as well as an opportunity. It may not be easy to recruit someone ca the right calibre if their first job is to choose between dismembering the company and finding someone to gob-

### ROLLS-ROYCE INCREASES PROFITS

Rolls-Royce annunced an increase in profits to £175m for 1995 (£101m 1994). The company also has a strong order book standing at £6.2bn. Commenting on the results, chairman Sir Ralph Robins said: "We have made significant progress in some of the most challenging markets in the world and at the same time improved our financial performance."

### FOR COOPER ROLLS Nine Coberra gas turbine packages for gas

\$100M WORTH OF ORDERS

compression and power generation have been nrdered for installatinn in Slovakia, Russia, Pakistan, Italy and Malaysia. Coberra packages incorporate either Avon or RB211 gas generators from Rolls-Royce. The packages are marketed by Cooper Rolls, a joint venture between Rolls-Royce and Cooper Cameron Corporation of the USA. **FURTHER SUCCESS FOR** 

### AERO TRENT More orders have been secured for the Trent series of aero

engines - the most powerful engines produced by Rolls-Royce. Singapore Aircraft Leasing Enterprise recently announced that Trent 800 engines had been chosen to power their new fleet of six Boeing 777 aircraft. And ILFC, an aircraft leasing company based in the USA, has also placed a new order, selecting Trent power for a total nf eight Boeing 777 and Airbus A330 aircraft.





Rolls-Royce plc, 65 Bockingham Gate, London

### **Europe today**

A frontal system will bring cloud and rain to Ireland and Scotland, but England will remain dry with widespread sunshine in the south-east. The Benelux, France and Portugal will be mainy sunny and Spain will have a mixture of sunshine and cloud with showers on the east coast. Central and southern Italy will have widespread rain which will move slowly east, reaching Greece in the atternoon. The Black Sea region will be unsettled, with some sleet or snow in northern and western sections. Poland will be wintry, with overcast skies and some snow, while Scandinavia will

### **Five-day forecast** Cold air over Poland will move further

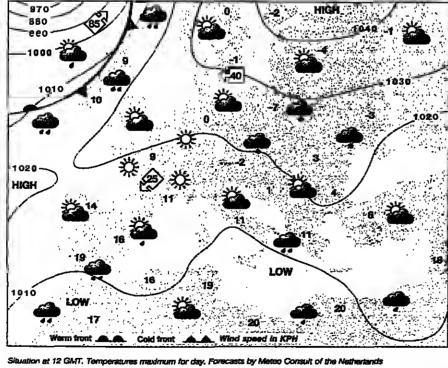
have sunny spells.

west, bringing low temperatures across western Europe, although the region will remain mainly dry and sunny. Tha Mediterranean area will continue unsettled, although conditions will improve over Italy, Ireland, Wales and Scotland will be wet, becoming dryer later in the week. England will remain mainly dry. The northern Balkans and Poland will be cold with some snow. TODAY'S TEMPERATURES

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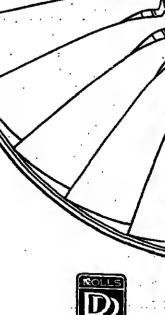
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Monday March 11 1996 Burger chain's continued growth confounds critics, writes Richard Tomkins

# Pechiney to cut annual costs by 8%

By Kenneth Gooding, Mining Correspondent

Pechlney, the French aluminium and packaging group privatised last year, is planning to cut annual costs by at least FFr1.5bn (\$297m), or 8 per cent, hy 1998 and is expecting to implement substantial workforce reductions. Mr Jean Paul Rodier, chief executive, warned unions and works councils that there were bound to be big job losses. He said there could he 2,000 to 3,000 in France, representing 10

to 15 per cent of Pechiney's 19,000-strong workforce there. It employs 37,000 worldwide. Mr Rodier, who was recruited in 1994 by the French government to run Pechiney and who steered it through to privatisation late last year, said that for years the group had spent more than it had: earned and then had been forced to sell assets to reduce

He said present cash flow was not enough to cover capi-tal expenditure and the demands of Pechiney's subsidlaries which all had plans for investment and expansion. He said the 8 per cent cut in Pechiney's costs (excluding raw materials costs) was the minimum to be expected. At Union Minière, the Belgian metals group where Mr Rodier implemented a similar scheme before he joined Pechiney,

costs were cut 20 per cent. Mr. Rodier said there were two main reasons for Pechiney's high level of debt of FFr25bn when he arrived: there was a lack of focus in its operations and a lack of profitability compared with its com- ply increasing short-term petitors. While Pechiney was

refocused the group, concentrating on aluminium and packaging. It is Europe's hig-gest aluminium producer and the world's third largest packaging group. Pechiney has also sold sevaral non-core husinesses for ahont FF10bn.

The group strengthened its halance sheet hy raising FFr1.8bn of new capital when it was floated in December. Mr Rodier said that some small operations were still to be sold and this might hring in another FF2bn.

He also said he "would be surprised if in five years' time" Pechiney still owned 40 per cent of La Carbone Lorraine, a quoted specialist metals company, Pechiney was also willing to sell its 39 per cent holding in the Technack International packaging com-pany "at the right price". Mr Rodier had promised institutional shareholders at

the time of the flotation that Pechiney would not raise new capital until its profitability was greater and this was reflected in a higher share price.

Some 80 per cent of the restructuring programme, named Challenge, is costrelated because by the end of 1998 Mr Rodier wants most of Pechiney's operations to be in line with the costs of their competitors.

Managers had been given until the end of September to produce plans showing how they intended to match competitors. The plans would then be brought to fruition by the

Mr Rodier stressed the programme was not aimed at simprofit. Pechiney would show a still state-owned Mr Rodier profit for 1995, he said.

### M cDonald's, that world's biggest fast McDonald's makes well over 100bn burgers since Mr Raymond Croc opened his first restaurant in 1955. Surely sceptics eat their words by now the world has had as

many Big Macs as it can take? Apparently not. This year, McDonald's plans to accelerate Feeding frenzy lta rate of expansion to a record high, adding between 2,500 and 3,200 restaurants to last year's total of 18,380. At this rate, a new McDonald's will be opening aomewhere in the world every three hours. A few years ago, popular wis-dom had it that McDonald's profits were in danger of level-ling out. The US market was approaching saturation, critics said, and international profits growth would be too slow to keep the momentum going. Popular wisdom, however, proved wrong. Over the past five years, McDonald's net profits have risen at a compound annual rate of 12 per

pany's biggest percentage profit increase since 1968. McDonald's share price has soared amid a reappraisal of its prospects. Last year, the shares gained 54 per cent to \$45%, an extraordinary increase for a company of its size. At the end of last week, in spite of Friday's stock market tumble, the shares were at \$50% - a multiple of 22 times forecast earnings for the current year, representing a premium of 40 per cent to the multiple for the

Last year, net profits shot up 17 per cent to \$1.4bn - tha com-

The renewal of interest in McDonald's stock reflects what might he called the Coke factor. The opening of markets in eastern Europe, India and China has prodoced a wave of investor enthusiasm for the global growth prospects of US consumer goods companies with powerful, international brands, Last year Coca-Cola's shares rose 44 per cent, and shares in Philip Morris, maker of Marlboro cigarettes, rose 57

Standard & Poor's 500.

side the US, which means Another attraction of the

international market is its good for the bottom line at it likes to remind investors

for, it expects international operating profits to grow at a compound annual rate of about 20 per cent over the next five years. The domestic growth rate is expected to be lower: in the mid-single digits or better, the company says.

But perhaps the biggest sur-prise about McDonald's is that it expects US profits to grow at all. Competition in its home market comes not just from McDonald's two big rivals in They are going to be the last the burger market, Burger ones standing in any circum-With such a big market to go King (part of the UK's Grand stance."

### INSIDE Metropolitan) and Wendy's

International, but from other fast food outlets - notably, PepsiCo's Pizza Hut, Taco Bell

and KFC chains - and from every sandwich shop and hot dog stand in the land. McDonald's bas a simple

answer to this cut-throat com-

petition: to be so aggressive

and competitive that it

achieves market dominance.

everyone within easy reach of

a Big Mac: up to 1,300 of this

year's restaurant openings will be in the US.

One reason why McDonald's

is able to do this is that, since 1990, it has slashed the cost of

opening a typical restaurant by

30 per cent through the use of

more efficient building designs,

standardised equipment pack-

ages and global sourcing. This

means it can now open restau-

rants in locations that would

have been hopelessly uneco-

nomical five years ago, such as

airports, bospitals, schools and

military bases.

There is another significant

factor, too. In the past, McDon-ald's used cash flow from the

US operations to finance inter-

national expansion. Now, the

strong financial performance

outside the US allows McDon-

ald's to pour more resources

into the battle for market

One problem with US expan-

sion is the risk that new

McDonald's restaurants will

take sales from existing ones.

Some Wall Street analysts

worry that this could result in

a fight with McDonald's fran-

chisees, who run 85 per cent of

the company's US restaurants

- although there is no sign of

over the strategy. "It's a tough

environment," says Mr Allan

Hickok, an analyst at Piper

Jaffray, the investment man-

agement company. "But my

feeling is that when the going

gets tough, the weak get weaker. in a tough market, a

lot of people are going to feel

pain hefore McDonald's does.

Still, there are few quihhles

share at home.

C&W/BT



between UK unications Cahle and Wireless and British Telecom

Merger

collapsed following a disagreement over value BT is understood to have merger proposals following the boardroom upheaval late last year which saw the departure of C&W's chairman and chief executive. Page 18

### Incentive

incentive, part of the Wallenberg empire, is set to follow its takeover of Gambro, the Swedisb medical technology group, with disposals as it industrial boldings. Page 19

### Fund Management

Because Orange, the UK mobile phone company, will almost certainly be included in the FT-SE 100, any fund manager committed to matching this index will have to own Orange shares. The problem is that Orange shares will be scarce: only a quarter of the company is being offered to the public.

### City People



Can Sir Terence Conran, the man behind End restau rants such as Quag-

Mezzo, persuade City of London workers to stay in the Square Mile after dark? When the Great Eastern Hotel reopens in 1998, there will he three Conran eateries to choose from including a glamorous 300-seater. Page 21

### Global Investor



Baker argues that threat to stability continues to lie with the

Gerard

Japanese ecovery. For months the barely whispered fear in global markets has been of a re-run of 1994, with the Bank of Japan taking the place of the Federal Reserve as bogeyman. Page 22

ing the company's shape, Although McDonald's still has more restaurants in the US than abroad, the overseas side is growing more quickly. Last year, the company reached a turning point when internaoperating profits exceeded US operating profits for the first time.

international expansion is McDonald's because interna-In the case of McDonald's, than those at home. Competiinternational growth is chang- tion is much less intense out-

McDonald's gets more customers through its doors and can

seemingly limitless growth potential. Although McDonald's has opened 7,000 restaurants in 89 countries outside the US - Croatia is the latest that, on any given day, it still the world's population.

# Fokker unit removed from court protection

### By Ronald van de Krol in Amsterdam and Michael Skapinker in London

One of three subsidiaries of Fokker has been removed from court-approved protection from creditors in an attempt to create a vehicle for reviving the Dutch aircraft maker in The weekend move came as

Fokker entered the final week of its struggle to find a savlour.

The Dutch government's bridging credits to the company run out on Friday and Fokker sources say they doubt they will receive a further period of grace.

Fokker said Fokker Aviation a non-production unit. and one of three granted court pro-tection in January - had been removed from administration. Assets from the two remaining units under protection, Fokker Aircraft, the core aircraft assembly business which generates 90 per cent of group turnover, and Fokker Administration, will be transferred

debt-free to Fokker Aviation. This will potentially create a new corporate nucleus for Fokker, enabling it either to try a solo resurrection or to arrange a sale of its businesses to an Asian candidate. The company cautioned that the move should not be inter-

preted as meaning it had made a choice between the possibilities it has been studying. Its options are to try to resurrect

itself as a "stand-alone" operation with the aid of Dutch financiers or to have its assets taken over by Samsung of Sonth Korea or Aviation Industries of China (Avic).

Samsung and Avic are expected to decide by the end of this week whether they are interested in doing a deal. Both companies would like to build a 100-seat jet. Fokker's F70 and F100 aircraft, seating 70 and 100 passengers respectively, are highly regarded in the industry. Both companies have made it clear, however, that they expect to assemble soch a jet in Asia and may be after no more than Fokker's

If Fokker is forced to try the stand-alone option, it will con-

tinue efforts to find a strong industrial partner capable of financing future aircraft design and development. In 1993, a controlling stake in Fokker was sold to Daimler-Benz Aerospace (Dasa) of Germany but the partnership collapsed in January after Dasa withdrew financial support.

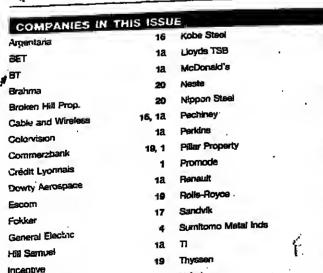
Bombardier of Canada, which many saw as the most likely suitor for loss-making Fokker, has said it is no longer interested, although some in European aerospace see this as a ploy to attract sufficient Bombardier has threatened

to walk away from the acquisition of struggling aircraft manufacturers in the past, but has agreed to take them over when offered sufficient financial support by the local government concerned This was true of its acquisl tion of Canadair in 1986 and of

Short Brothers of Northern Ireland in 1989. Shorts makes wings for Fokker and is threatened with heavy joh losses if the company fails. Aerospace officials believe Bombardier is waiting for a better financial offer from the Dutch government. One of the difficulties is that

the Dutch government dld not offer enough money to Dasa to keep Fokker in business. Aerospace executives believe it would be difficult for it to offer more financial support to Bombardier than to Dass, a European company.

### Lean-Paul Rodier: steered the group through privatisation



# considers contract changes in run-up

The London International Financial Futures and Options Exchange (Liffe) is considering a modification of its short-term money-market contracts as part of its preparations for European

A full board meeting of the exchange will this afternoon assess the technical and legal issues arising from the timetable for the mova to a single currency, the euro, scheduled to taka place in January 1999, and will consider a number of possible changes to two of its leading contracts: the euromark and short sterling futures.

Liffe lists a range of financial futures and options contracts denomi- more than a third of total trading

nated in currencies which may disap-pear following the introduction of the single currency. But a decision is particularly urgent in the case of the two contracts as the exchange lists 12 future monthly maturities - covering a three-year period in all. New short

to be listed on Tuesday next week could mature after the scheduled introduction of the euro and officials wish to be rid of any uncertainty. Short-term money market contracts are used hy investors to protect themselves against rises in short-term interest rates, and also for speculative trading. In February, the euromark and short sterling futures, together

with related options, accounted for

sterling and euromark contracts due

volumes at Liffe, Europe's largest futures exchange. Several options are under consider-

 The market may list two identical three-month futures contracts, denominated in the euro, but convertible into either Sterling or D-Marks if monetary union is either delayed or abandoned.

· Another possibility would be to add an unprecedented conditional clause to existing short sterling and euromark contracts, stipulating that they will be settled by reference to the future rate at which Sterling and the D-Mark will be exchanged for the euro, if it is introduced according to

the current schedule. Alternatively Liffe may develop contracts combining these possibili-

In any event, the exchange will almost certainly have to create a new set of contracts. Mr John Foyle, dep-uty chief executive of Liffe, insisted the market would give "users the widest choice of products, while ensuring that all possibilities [relating to the different scenarios for Emul are covered".

The market will consider potential problems. For example, there are worries that by introducing new contracts, liquidity in any single instru-ment would he depressed. Furthermore, the addition of "conditional clauses" could deter some

Liffe executives believe the mar-

ket's ability to manage the transition to the single currency will be an important factor in maintaining London as the biggest centre for money

market operations in Europe. Matif, the Paris-based financial futures exchange, is facing a similar dilemma on its three-month Pibor future, the equivalent French short-term money market contract. It is assuming that during phase three of Emu, when national currencies are progressively eliminated, the Pibor rate will de facto become a euro threemonth rate. Matif is still unclear how this rate will be determined, but says it will follow guidelines, yet to be set by the French Banking Association. covering these issues.

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### COMPANIES AND FINANCE

Valuation seems to have been the stumbling block in the second set of merger talks

# C&W board spurns BT's approaches

By Peggy Hollinger

Merger talks between telecommunications giants Cable and Wireless and British Telecom have collapsed following a disagreement over value. British Telecom is under-

stood to have approached Cable and Wireless with marger proposals following the boardroom upbeaval in November which saw the abrupt departure of its chairman. Lord Young of Graffham, and chief executive, Mr James

Dowty Aerospace, the aircraft components subsidiary of TI

Group, is today expected to

business worth almost £90m

following the recent spate of

chief executiva said the group has been asked to supply an

additional £20m of hydraulics

and actuation equipment to

Boeing following an order ear-lier this year for 102 Boeing 737

airliners by GE Capital Avia-

tion Services, the US aircraft

Dowty's landing gear joint

venture with Messier of France

has also secured a further

By Alison Smith,

Investment Correspondent

A second inquiry by regulators

into commercial property lend-

ing at Hill Samuel, the mer-

chant bank, is casting a fresh

shadow over TSB's prospects of selling the bank.

sidering a report by City law firm Linklaters & Paine, com-

missioned by TSB, Hill Samu-

el's parent, into the merchant bank's property lending in the

Its deliberations coincide

with a separate inquiry by the

Serious Fraud Office into

alleged financial irregularities

The Linklaters' report is

thought to focus on whether

Hill Samuel made proper and

in the same area.

The Bank of England is con-

Mr Tony Edwards, Dowty's

Dowty's £90m

orders give TI

further boost

that BT has unsuccessfully tomers, shareholders and part-sought to join forces with the ners," it said. C&W added that many partners worldwide weeks. The group is undercable communications company. The first approach, made in the middle of last year, is understood to have failed due to the complex regulatory problems surrounding any

comment on details of the discussions yesterday. C&W wnuld only say that it had received an approach late last year. "After carefully evaluating the proposal, the C&W board rejected it as not being It is at least the second time in the best interests of our cus-

38 Airbus aircraft and 18 Boe-

ing 777s by International Lease

Financa Corporation (ILFC) of

orders took the value of con-

tracts with Boeing, beyond 2500m for the first time.

nent manufacturers said they

would also benefit from recent

Other UK aerospace compo-

Lucas Industries, the auto-

motive and aircraft equipment

manufacturer, said that it

would supply parts worth

while recent new orders by

Asian carriers were worth a

Smith Industries also said

**Enquiry casts shadow over** 

TSB's sale of Hill Samuel

concern events from 1990 to

1992, the fact that incuiries are

continuing is a blow to the

probability of an early sale of

at least some of the merchant

Its future within the Lloyds

TSB group, which was created at the end of last year by the

merger of Lloyds Bank and

TSB, has looked insecure since

the merger was announced last

It is not a part of the retail

Rumours of an impending

banking and insurance busi-

ness which is the focus of the

disposal have persisted even

though Sir Brian Pitman,

were no plans to sell or close it

the discussions were not expected to resume.

It is understood that C&W's board spent several weeks evaluating proposals from BT before rejecting the approach, made to the non-executiva chairman Mr Brian Smith.

The cable company thought to have felt that BT was attributing too low a value to its businesses, which on Fri-day's close were valued at about £10bn: BT was more

Christopher Lewinton, TI

chairman: Dowty profits ahead

outlook for our civil aerospace

TI Gronp, meanwhile, is later

this week expected to cite

Dowty as one of the factors

behind increased pre-tax prof-

its of about £180m compared

and its project finance, asset

finance and leasing businesses

could remain within the group.

but that the corporate finance

division could be sold if a

that it had been made aware of the conclusions of Linklaters'

report, along with the Bank of

England, and that the matter

bad been dealt with as part of

Its dua diligence procedures for

investigation was handled

thoroughly and properly and

that there are no material implications for Lloyds TSB,"

Hill Samuel was bought by

to put the merchant bank on

"We are confident that the

Lloyds TSB said yesterday

buyer was forthcoming.

the merger.

Lloyds TSB chief executive. TSB in 1987 for £777m. Losses said last autumn that there of £422m in 1991 prompted TSB

The board is also thought to

would have objected to ele-ments of the merger proposals. seven candidates from within Much of C&W's global business is based on telecom licence agreements and joint ventures

with governments. BT has reportedly been keen for a link with C&W for some time. It is understood to be particularly attracted by C&W's 57.8 per cent stake in Hong Kong Telacom, which is responsible for a significant proportion of C&W's profit. Meanwhile, C&W is expected

the telecoms industry, five of whom are American. The other two are believed to be from continental Europe. Mr Smith, who was tempo-

rarily recalled to head C&W following the departures of Lord Young and Mr Ross, is now expected to remain in his post for the time being. Under the company's articles of association either the chairman or chief executive must be a Brit-

# **BET** predicts 27% increase in dividend payout

BET, the business services group, yesterday surprised investors by predicting a 27.5 per cent dividend increase as part of its defence against the £1.9bn hostile takeover bid from Rentokil.

The forecast, higher than expected, was contained in the group's first defence document which also revealed that BET had been on the verge of bank-

ruptcy five years ago. In addition the document dis-closed that 44 BET executives stand to make £9.6m from a controversial incentive plan if Rentokil's bid succeeds. It is understood that about £3m of this will go to Mr John Clark. chief executive.

Sir Christopher Harding, chairman, described the offer as "inadequate" and said: "BET's earnings have recently grown at a substantially faster rate than Rentokil's."

There was no profits fore-cast, although BET said its div-idend cover would remain 'prudent". It is predicting a dividend of 5.1p in the year to March 31, compared with 4p last year.

In response to the document. Mr Clive Thompson, Rentokil's chief executive, said: "We are happy for Rentokil's performance to speak for itself." He added it was "so far proving difficult" to find any new information in the document. A more detailed response is

expected early this week. Meanwhile it emerged over the weekend that the Office of Fair Trading has begun an inquiry into the pest control market, of which Rentokil has a share of about 60 per cent. A pravious inquiry in 1988 required Rentokil to give undertakings to customers. Rentokil said it had not

asked for the undertakings to had spent £307m on capital be relaxed. The OFT said yes-expenditure, which was more terday that the inquiry was "informal" and was part of its

try under review.

BET said that the high margins that Rentokil achieves in pest control could be under threat because of the entry into the UK market of Service Master, the US market leader. BET claimed that its rival's growth record – it has

increased profits and earnings by more than 20 per cent in each of the past 13 years - had heen maintained in part in recent years by currency effects and changes in accounting policies.

BET said Reotokil's claim to be familiar with the hulk of BET's activities was "flawed" as the overlap between the two group's businesses was less than 25 per cent. ft said that Rentokil did not

understand some nf BET's

businesses and in others BET was already doing what Rentokil said it planned to do. It also said that if the bid succeeded Rentokil could face

exceptionally high gearing, with a negative net worth of £60m supporting net debts of BET said it had been "close to default" in early 1991, when It had £500m of outstanding

commercial paper, which had very short maturities, backed by only £300m of committed bank facilities. At one stage it also broke the covenants on two bank facilities.

"The group had a full-blown liquidity crisis," said Mr James Lupton, a director of Barings Brothers and a BET adviser. Since then, BET said, it had been restored to financial stability under Mr Clark, who

joined in April 1991, and in the 18 months since April 1 1994 it had seen "impressive" headline earnings growth of 28 Over that period the group

than 155 per cent of deprecia-

## FT-SE eligibility is under review

By Norma Cohen

A rule which helps determine whether a company's shares are eligible for the FT-SE 100 index is to be reviewed amid concarn amnng some fund managers about the recent inclusion of companies which have relatively small amounts of shares publicly traded. The FT-SE 100 index covers

the largest UK companies. ranked by market capitalisa-tion, and inclusion in the index can greatly increase demand for a company's shares and boost its price.

The debate centres on a rule which says that a company is

eligibla provided it has a "free float " of at least 25 per cent that is, at least a quarter of its shares are freely available for

Index fund managers, who run a basket of stocks designed to mimic the performance of an index, have been concerned that the rule may have forced up their purchase price for soma recent new

They argue that demand from indexers has placed a scarcity value on shares with a free float of as little as 25 per cent, and suggest that the threshold should be raised.

Mr Mark Makepeace, manag-ing director of FT-SE International, which manages the FT-SE indices and is a joint venture between the Financial Times and the London Stock Exchange, said that a review bad heen prompted by a request from two leading index fund managers, although there were no imminent plans for change. "We will only respond if there is demand for change. There is

not enough demand now." The rules are determined by an independent committee of actuaries, fund managers and investment analysts.

Secondary offerings of shares in two companies, BSkyB and National Grid, have been largely placed in the hands of index fund man-agers who needed to buy them in order to achieve their prom-

indexers are also concerned about the imminent flotation of UK mobile telephone company, Orange, whose initial offering will consist of 25 per cent of its capitalisation.

But Mr Makepeace said that research conducted by FT-SE International shows that the vast majority of stocks in the key index are freely available in the market. For the broader FT-SE Actuaries All-Share Index, some 10 to 15 per cent

is not freely available.

Mr Makepeace conceded that "there may be a problem for some individual stocks".

See fund management col-

# Loss of credit licence hits Colorvision

By Peggy Hollinger

Colorvision, the Liverpool-based television and video retailer, is today expected to issue a profits warning which will reveal a sharp drop in trading following the Office of Fair Trading's decision to revoke its consumer credit

The company, which is appealing the OFT's January decision, will tell shareholders that its survival could be under threat if the situation is not resolved. As the appeal process could

is expected to call for a further meeting with the OFT this Just two weeks ago Colorvision revealed that sales to the end of December were 15 per

cent down on the previous

take up to a year, Colorvision

However, it is understood that since then sales have suffered a far greater drop. Both consumer credit sales, which normally account for about half overall turnover, and prodnct sales have fallen sharply since the OFT's announce-

Although the licences remain in effect until the

appeal is decided, it is believed a that the OFT's damning comments have been used by competitors in shop window savertising to win business from the 32-year-old high street retailer

In January, the OFT and Colorvision "had falled use quately to ensure that and improper business and tices were not carried on out than where it had been such surised by the regulation authoritias nr some offerensi source into putting end to them". Some of the crist cisms relate to the inaccurate publication of annual parcels.

age rates.
In its defence, the company
has claimed that its infinite
ments have not been undirections or unique in the indirections. try. Colorvision has pointed out that the OFT had renewa the group's consumer cre licences for five years from

September 1993. It has also claimed to I developed new procedures. with the problem.

The group has also acknowledged it has 20 court com tions, mainly for advertis but it said the last prosecute had followed an incident

# Pillar to follow its larger rivals into leisure

By Simon London,

Pillar, the UK property company, is expected to announce this week that it is buying two leisure parks in a move which underlines investors' growing enthusiasm for

leisure properties.
The deal is Pillar's first move into the leisure sector, following MEPC and British Land, its larger rivals.

Leisure parks combine cinemas, restaurants and activities such as bowling and bingo on a single site. Investors hope they will deliver strong rental growth at a time when the outlook for the mainstream UK property market is uncertain.

Pillar is paying £16.8m to acquire two parks under devel-opment at South Tyneside and Stockton-on-Tees.

The vendor is THI, a specialist developer of leisure property, which last year formed a joint venture with British Land

to build three parks. The investments being acquired by Pillar are expected to generate annual rental a yield of just over 8 per cent

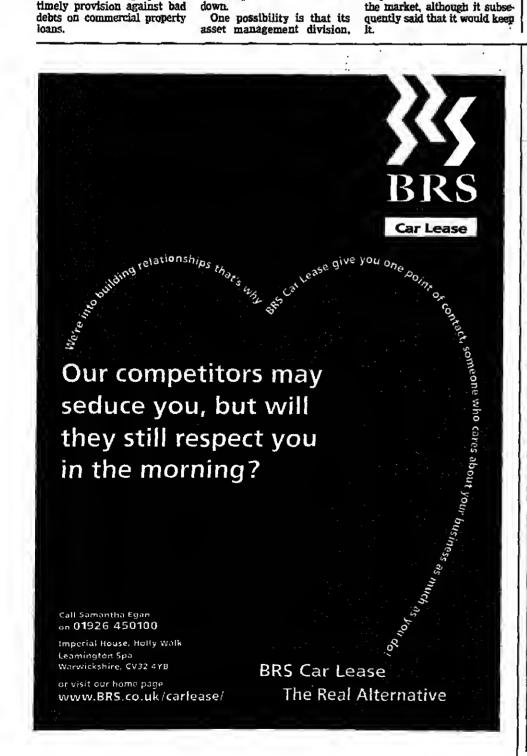
properties change hands has declined by at least 1 percentage point over the last two years, reflecting growing demand among investors.

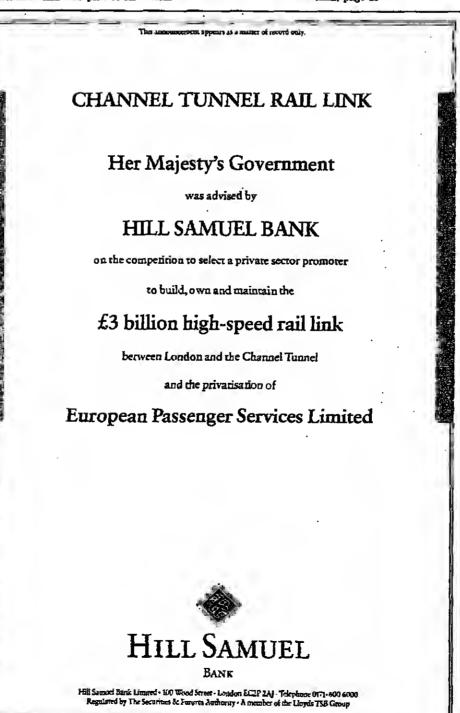
Property agents said that shortage of suitable sites could drive yields down further still as investors compete fo acquire the best developments.

The Teeside Leisure Park at Stockton-on-Tees, which will be completed towards the end of this year, will incorporate a bingo hall and nightclub operated by First Leisure, a Bass public house and a 10-pin bowling alley.

The site is adjacent to an existing leisure scheme which includes an MGM cinema.

Boldon Leisure Park, south of Newcastle upon Tyna; likely to feature an MGM Cinema and restaurants including a Burger King outlet, Further buildings could be added in a second phase of development. income of about £1.3m, giving





### West Rand Consolidated Mines Limited

(Registration Number 01/01978/05) (Incorporated in the Republic of South Arriva)

Notice of Annual General Meeting

Notice is hereby given that th 91st Annual General Meeting of members of West Rand Consolidated Mines Limited will be held in the Boardroom, 5th Floor, First National Bank House, corner Fredman Drive and West Street, Sandton, Johannesburg, at 11.30 am on 19

April 1998, for the following purposes:

To receive and consider the annual financial statements for the year ended 31 December 1995;
 To elect directors in accordance with the company's Articles of

To place the unlessed shares under control of directors in terms of the provisions of the Companies Act, 1973;

4. To fix the remuneration of the directors in accordance with the company's Articles of Association;
5. To re-appoint the auditors in accordance with the company's Articles of Association; and

6. Special Business

The following ordinary resolution will be proposed for members to consider and, if deemed fit, to pass with or without modification: Ordinary Resolution to approve the allotment and issue of shares to directors

Shares to directors
"Resolved as an ordinary resolution that directors referred to below having been granted options during the year in terms of West Rand Consolidated Mirres Limited Group Employee Share Incertifive Scheme Trust, the company hereby approves, in terms of section 222(1)(d) of the Companies Act, 1973, the allotment and issue to any director referred to below of any of the number of shares set out against his name in so far as he asseroless his options in respect of those shares:

\*\*Manual Control of Shares and Shares.\*\*

Number of Shares

TSA Grobiold 250 000

A member entitled to stiend and vote at the annual general meeting may appoint a pray or proxies to attend, speak and vote in his/her stead. A proxy need not be a member of the company, Forms of praxy must reach the Johanneaburg or the London transfer office of the company at least 48 hours (Saturdays, Sundays and official Public Holidays excluded) before the time of the annual general meeting. A holder of a share warrant to besere who desires to attend or be represented at the annual general meeting must comply with the "Conditions governing share warrants" currently in force. Thereupon a praxy or an attendance form under which such share warrant holder may be represented at the annual meeting will be issued.

By order of the board

V E KING

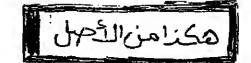
5 March 1996

Registered Office First National Bank House

Figh Floor Crir Fredman Drive and West Street Sandion, Johannesburg (PO Box 31198 Braamfonlein 2017) South Africa

5 Merch 1996 Sendion ion Transfer Office **Wenhern Road** 

for holders of share warrants to bearer from the office of the Links



### COMPANIES AND FINANCE

# Incentive to continue with asset disposals

By Hugh Carnegy in Stockholm

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Incentive, a key Wallenberg empire company, is set to fol-low its full takeover of Gambro, the Swedish medical technology group, with significant asset disposals this year as it further remodels its diverse clutch of industrial holdings, Mr Mikael Lilius, chief execu-

tive, said yesterday.

But he said there were no plans for incentive to offload the shareholdings it has through which the Wallenbergs exercise their half-ownership of Asea Brown Boveri, the Swiss-Swedish engineering giant, and half their control-ling stake in Electrolux, the household appliance maker.

Although neither fit with incentive's strategy to be an operational industrial company focused on medical technology. Mr Lilius said the group would keep both holdings. "There are no immediate plans for change recording Assa and Flactro. regarding Asea and Electrohux," he said. But he added: "You will see further restruct-

The main candidate for sale is Skandinaviska Elverk (SEV), a highly profitable power com-pany with turnover last year of SKr1.9bn (\$279m) that currently supplies about 3 per cent of Sweden's electricity consumption. "[SEV] is in very good shape but it is not a per-fect fit," Mr Lilius said.

He was speaking after Incentive announced a jump in pre- over last year, is now comfort-

Newcrest seeks merger talks

with Normandy after raid

tax profits - excluding contri-butions from associated companies - from SKr2bn in 1994 to SKr2.6bn last year. Group sales rose from SKr18.4bn to Incentive's steady evolution

to a more focused, growth-oriented operation from a highly diversified conglomerate took a big step forward this year with the full takeover of Gambro, a hlood treatment specialist which is a world leader in renal care. Earlier this year, the group

sold Hasselhlad, the presti-gious specialist camera maker, in the latest of some 40 disposals in recent years.

Medical technology, which accounted for SKr10bn in turnto own operations in transportation, environmental equipment, materials handling and power, as well as the Asea and Electrolux stakes. Mr Lilius bas made little

ably the higgest unit in Inceo-

secret of his long-term prefer-ence to offload the Asea and Electrolux holdings. Ona frequently canvassed solution would be to reshuffle them into Investor, the senior Wallenberg investment vehicle. But the Wallenberg camp has ruled this out, apparently for tax and other reasons

Instead, Mr Lilius said remaining trading operations would be sold off and the power operations were also likely to be disposed of.

tive. But the group continues ating margin of more than 31 per cent last year, well ahead of the 14.8 per cent returned by Gambro, the next most profitable unit Incentive is spending

SKr10.8bn on buying up the 58 per ceet of Gambro it did not already own. It has won acceptances for more than 99 per cent of the shares.

The acquisition will reduce Incentive's equity to assets ratio from 52 per cent to 35 per

Mr Lilius said there was no urgent need to raise capital to strengthen the balance sheet. But he wanted to be prepared to finance Gambro's ambitions to expand, including through



### goldmining group which snapped up 14.9 per cent of Mr nigny in Frankfurt last week. Normandy rejected the sugges-Robert Champion de Crespig-ny's Normandy mining group in a stock market raid last "Following the Normandy tion, at least for the time group merger, the re-consti-tuted board could then discuss being, saying it was "inapprothe possibility of considering a priate to discuss or consider year, has told its target that it year, has told its target that it any such approach before the would like to "explore the outcome of the Normandy merger proposal with New-

The Newcrest share raid came just weeks before share-

made by Sir Roderick Car-

advantages of a possible merger meetings is known". Newcrest also owns 12.5 per cent of PosGold, Normandy's listed 51 per cent-owned goldmining offshoot. The initial PosGold stake was bought at the sama time as the Nor-

By: Nikki Tait in Sydney

mandy holding, and topped up in the market last week. The merger suggestion was

holders in Normandy and three of its satellite companies (including PosGold) were due to vote on a four-way restructuring which would see them merged into one entity. Aside from Normandy and

PosGold, tha two companies

involved in this plan are North Flinders Mines and Gold Mines of Kalgoorlie. PosGold has negie, Newcrest's chairman, at Newcrest, the Australian a meeting with Mr de Creslarge minority stakes in both.

> crest," said Normandy. Nawcrest has asked Mr de Crespigny to address its board tomorrow and explain why Newcrest should support the four-way merger - an invitation which has been accepted.

> The existing merger plan will be put to shareholders of three of the groups involved next Friday, and to North Flin-ders shareholders on April 4.



# Japanese steel groups move back into the black

Four of Japan's leading steel companies expect to announce a return to profit for the first time in three years when their business years end at the end of March, although some have downgraded earlier forecasts. Kawasaki Steel, Kobe Steel,

Sumitomo Metal Industries and NKK are moving out of tha red, helped in most cases by restructuring. Kobe Steel, which was hit by

the effects of a devastating

of Y67bn (\$633m), against net losses of Y96bn a year ago.

However Kawasaki and Sumitomo, along with Nippon Steel, have warned that weakness in both domestic and overseas markets mean profits will be smaller than expected.

Nippon Steel, the world's largest steelmaker, now says racurring profits - before extraordinary items and tax will be Y63hn rather than the expected Y80bn, against

By Michiyo Nakamoto in Tokyo earthquake in January last Y11.2bn in the previous year, expects record net profits The company projects the The company projects the increase despite a fall in sales to Y2,080bn from Y2,090bn.

Kawasaki Steel expects recurring profits of Y15bn compared with a Y18.3bn loss last year, and Sumitomo Metal Industries is forecasting recurring profits of Y20hn.

The three companies ara more dependent on steel prod-ucts than NKK and Kobe Steel, which respectively have large industrial plant and machinery an atominium businesses.

The earlier part of the year was marred by a sharp rise in the yen's value, which led to falling competitiveness overseas as well as a flood of imports from lower-cost foreign steelmakers, notes Mr Minoru Hasegawa, industry analyst at BZW Securities in

Meanwhile, Japanese steelmakers had been encouraged by expectations of big rebuild-ing in the Kansai area that was hit by a severe earthquake, to boost production.

However, that demand failed to materialise as expected and in the latter half of the year, the slow pace of reconstruction combined with a near-10 per cent increase in imports to depress prices and resulted in a build up of inventories. At the same time, markets overseas also turned weak.

The steelmakers do not expect the situation to improve dramatically in the year shead. As a result, they are counting largely on further restructuring to help them through.

### **Escom chief** cuts stake as part of

By Michael Lindemann

reshape

Mr Manfred Schmitt, chief executive of Escom, the beleaguered German computer retailer which recently announced 1995 losses of DM125m (\$84.25m), has reduced his stake in the com-pany he founded from 43.5 per cent to 30 per cent as part of a restructuring which will give Escom DM100m of fresh funds.

A 16 per cent tranche has been passed on to BV Beteiligungsgesellschaft, a subsidiary of the Munich-hased Bayerische Vereinsbank, and a further 2.5 per cent has been taken up by Siemens Nixdorf, the German computer manu-facturer which already held a 10 stake.

Mr Schmitt's move coincides with a capital increase of DM60m and extended credit lines worth DM40m. The new shares have been taken up by Commerzhank, Germany's third-higgest bank, and "will be offered to shareholders who are entitled to them at the

next available opportunity".

"The shareholders and the banks have thereby created the conditions which will enable Escom, through a consolidated financial base and an expanded group of shareholders, to successfully develop its business," the company said in a statement

However, Escom's prospects remain unclear, especially as the DM125m losses contrast sharply with the significantly better figures forecast just six months ago.

The company said on Priday that while business this year remained brisk, there was no prospect it would be strong enough to make up for the slump in Christmas sales, a vital period for computer mak-ers, and that stock problems persisted.

Escom's recent difficulties have put paid to a deal with RWE, one of Germany's largest conglomerates, which bad said last September it would take a 12.5 per cent stake in Escom in order to improve the sales of its telecom businesses through Escom's 450 retail outlets across Europe.

### **NEWS DIGEST**

### Promodès ahead to FFr1bn for year

Promodès, the French retail group, reported net income up 13.6 per cent to FFr1bn (\$196.8m) for 1995. Turnover rose 6.2 per cent to FFr101bn, which the group said represented an increase of 6.6 per cent on a comparable basis and at constant

exchange rates.

Operating profits fell 6.3 per cent to FFr2.2bn, which it said reflected new fiscal measures adopted by the French government costing an additional FFr108m, as well as its policy of accelerating development in other countries. Group debt represented 57.1 per cent of shareholders' funds. The board recommended a dividend of FFr12 per share, up 14.3 per

### Brazilian steelmaker slips

Brazilian steelmaker Usiminas reported a net profit of R\$326.6m (US\$332m) for 1995, down from R\$356.9m in 1994. Turnover was R\$2.11bn, against R\$2.36bn in 1994, and return on shareholders equity dipped from 14.1 per cent to 11.9 per cent. Earnings per 1,000 shares were R\$0.147, against R\$0.159. However, comparing the two years is difficult because Brazil changed currencies in July 1994.

Total production fell slightly from 4.28m tonnes to 4.26m tonnes. Sales fell from 3.78m tonnes to 3.64m tonnes, with domestic sales down from 2.46m tonnes to 2.45m tonnes and exports down from 1.32m tonnes to 1.2m tonnes. Jonathan Wheatley, São Paulo

### Commerzbank in share sale

Commerzbank, Germany's third-biggest bank, has sold the last of the 15.4 per cent stake in the Thyssen steel and engineering conglomerate which it bought last year, passing just over 2m shares on to mostly UK pension funds for a total of about

The disposal means that the Fritz Thyssen Stiftung, a Thyssen family foundation, still bolds an 8.6 per cent stake in the Düsseldorf-based group, as one of only two significant investors. A further block of 11.5 per cent will continue to be held equally by Commerzbank and the Allianz insurance group through an investment company. The remaining 79.9 per cent shares are held by private or institutional investors. Commerciank bought the 15.4 per cent stake last year from Counts Federico and Claudio Zichy-Thyssen, great-grandsons of the company's founder, August Thyssen. The bank said, however, that it never regarded the shares as a permanent investment and would pass them on to other investors within the 12-month period permitted by German cartel law.

Michael Lindemann, Bonn

### Popolare chief tipped for job

Mr Francesco Cesarini, chahrman of Banca Popolare di Milano, is expected to be elected next chairman of Italy's stock exchange board following his inclusion among the 14 members appointed to the new board.

The appointments, made by Mr Lamberto Dini, the prime minister, acting in his role as treasury minister, follow consultations with brokers' associations. They do not include the present chairman, Mr Attilio Ventura, who has led Milan's stock exchange through its reforms of the past three years.

Mr Cesarini, one of five members reappointed, would represent continuity with the previous board, of which he was vice-chairman and whose mandate expires on March 15. The new board, which includes representatives of the central bank and Consob, the stock market watchdog, will play a transitional role guiding the stock exchange's transformation from a public into a private institution. John Simkins, Milan



# WE'VE ALWAYS BEEN A BIT MORE FLEXIBLE THAN THE OTHER BIG BOYS. THANK GOODNEES

Science makes no bones about it: failure to adapt to a changing environment always ends in a trip to the evolutionary scrap yard. Which is not to say that size is an impediment to survival. Far from it. After all, with 35,000 employees worldwide and an annual turnover of DM 24 billion, you wouldn't exactly call Haniel a lighweight.

Instinctively, we've always known how best to

adapt to the constantly changing conditions of the market, and how to distribute our corporate weight to maximum advantage. For instance, by opting for decentralised units that react with entrepreneurial swiftness. Close to the customer. Eminently flexible.

So it's hardly surprising that we cut such a fine figure in the highly competitive fields of production, trading and services. It's something we've been doing for more than 240 years. Given the average life expectancy of a company, this is no mean

achievement - especially in an era when more than a few of the big boys have gone the way of the dinosaurs...

# HANIEL

Fronz-Honiel-Plotz 1, D-47119 Duisburg

Convening Notice

Shereholders are kindly invited to attend an Extraordinary General Meeting of Shareholders to be held at the offices of Sanqua Générale du Luxembourg, 50, Avenue J.F. Kennedy, L-2951 Luxembourg on Tuesday 26 March, 1996 at 3 p.m. with the following agenda.

. The change of the consolidated currency from ECU to US Dollers with effect from 1st April 1996 or such other date as may be determined by the general meeting of shareholders end to amend Articles 5. 23 and 25 to this effect.

2. A change of the current practice of issuing Shares at a Subscription Price and a fladamption Price to the issue of Share at a price based on the Net Asset Value per Share with an adjustment for notional dealing costs and an initial charge or a redemption charge as may be decided by the Board from time to time and described in the Company's prospectus from one to time and amendment of Article 5, 6, 8, 21, 22, 23 and 24 of the Articles to reflect this change.

Articles to reflect this change.

The amendman of Articles 21 of the Articles so as to provide for the possibility for the Board to decide the redemption of all outstanding Shares of the Company or the Ierminetion of a specific class or classes, the marger between classes of the Company or the merger of a class or classes with another Lucembourg Ucits if the Board deems it appropriate because of the changes in the economical or political situation affecting the Company or the relevant class or classes or because it is in the best interests of the relevant shareholders or if the Net Asset Value of all outstanding Shares is lower than 20 million USS or if the Net Asset Value of any class is lower than 10 million USS or its equivalent in another currency, the termination of a class or classes with another Lucembourg Ucits being otherwise subject to class meetings of the class or classes to be terminated or marged, defiberating validly without quorum and at a simple majority vote.

. The amendment of Article 21, second paragraph, sub-paragraph (i) to replace ECU 1.000 by US\$ 1.000 and sub-paragraph (ii) by replacing ECU 2.500 BY US\$ 2.500.

i. The amendment of Article 22 to allow the Board to suspend the determination of Net Asset Value of a class in case of a decision to liquidate that class.

. The amandment of Article 25 to provide for decisions on dis dividends of the relevam Fund by class meetings of the rele only.

At their current levels many of the Sub-Funds are suffaring a heavy burden of fixed operating expenses against a relatively low asset base, wich has a detrimental effect on the investment performance of the Sub-Funds

Shareholders are therefore kindly invited to attend class meetings with the following agendas. to be held at the offices of Banque Générale du uxembourg, 50, Avenue J.F. Kennedy, 1-2951 Luxembourg, on Tuesday 26 March 1996 at the Iimas indicated below.

eting of Kisinwort Benson Select Fund-Dollar Bond Fund at 3.15 p.m

To approve the termination of Kleinwort Benson Select Fund-Dellar Sond Fund with effect 31st March 1986 or such other data as may be determined by the class meeting ithe "Effective Date) and redemption of the Shares of the Shareholders at a price corresponding to Nat Asset Value per Share determined on the last Valuation Day preceding the Effective Date.

Agende
To approve the termination of Kleinwort Benson Select Fund-European Bond
Fund with effect 31st March 1998 or such other date as may be
determined by the class meeting (the "Effective Date") and redemption of
the Shares of the Shareholders at a price corresponding to the Nat Asset
Value per Share determined on the last Valuation Day preceding the

Agende

To approve the termination of Kleinwort Benson Select Fund-Global Convertible Bond Fund with effect 31st March 1995 or such other date as may be determined by the class meeting tithe "Effective Date) and redemption of the Shares of the Shareholders at a price corresponding to the Net Asset Value per Share determined on the last Valuation Day preceding the Effective Date.

Class meeting of Kielmwort Benson Select Fund-British Fund at 2,30 p.m.

Agends

To approve the termination of Kleinwort Benson Select Fund-British Fund with effect S1st March 1996 or such other date as may be determined by the class meeting (the "Effective Date) and redemption per Share of the Shareholders at a price corresponding to the Nat Asset Value per Share determined on the lest Valuation Day preceding the Effective Date.

Class meeting of Klainwort Benson Select Fund-European Fund at \$.35 p.m.,

Class meeting of Klathavort Benson select runo-curopean runu at 2000 pain.

Agenda

Agenda

To approve the termination of Kleinwort Benson Select Fund-European Fund with effect 31st March 1998 or such other date as may be determined by the class meeting (the "Effective Date) and redemption of the Shares of the Shareholders at a price corresponding to the Net Asset Value per Share determined on the last Valuation Day preceding the Effective Date.

ting of Kielawort Benson Select Fund-Japanese Fund at 2.40 p.m.

Agenda
To approve the termination of Kleinwort Benean Select Fund-Japanese Fund with effect 31st March 1996 or such other date as may be determined by the class meeting (the "Effective Datal and redemption of the Shares of the Shareholders at a price corresponding to the Nex Asset Value per Shareholders at a price corresponding to the Nex Asset Value per Shareholders at a price corresponding to the Nex Asset Value per Shareholders at a price corresponding to the Nex Asset Value per Shareholders at a price corresponding to the Nex Asset Value per Shareholders at a price corresponding to the Nex Asset Value per Shareholders at a price corresponding to the Nex Asset Value per Shareholders at a price corresponding to the Nex Asset Value per Shareholders at a price corresponding to the Nex Asset Value per Shareholders at a price corresponding to the Nex Asset Value per Shareholders at a price corresponding to the Nex Asset Value per Shareholders at a price corresponding to the Nex Asset Value per Shareholders at a price corresponding to the Nex Asset Value per Shareholders at a price corresponding to the Nex Asset Value per Shareholders at a price corresponding to the Nex Asset Value per Shareholders at a price corresponding to the Nex Asset Value per Shareholders at a price corresponding to the Nex Asset Value per Shareholders at a price corresponding to the Nex Asset Value per Shareholders at a price corresponding to the Nex Asset Value per Shareholders at a price corresponding to the Nex Asset Value per Shareholders at a price corresponding to the Nex Asset Value per Shareholders at a price corresponding to the Nex Asset Value per Shareholders at a price corresponding to the Nex Asset Value per Shareholders at a price corresponding to the Nex Asset Value per Shareholders at the Nex Asset Value per Shareholders at a price corresponding to the Nex Asset Value per Shareholders at a price corresponding to the Nex Asset Value per Shareholders at the Nex Asset Value per Shareholders at the Nex Asset Value per Sharehold

oting of Kleiswort Bermon Select Fund-North American Fund at 3.45 p.m

Agenda

To approve the termination of Kleinwort Benson Select Fund-North
American Fund with effect 31st March 1996 or such other date as may be
determined by the class meeting (the "Effective Date") and redemption of
the Shares of the Shareholders at a price corresponding to the Nat Asset
Value per Share determined on the last Valuation Day preceding the

Shareholders are advised that the extraordinary general meeting requires quorum of presence of 50% of the Shares issued and decisions shall b carried if approved by 2/3 of the chares present and/or represented at th meeting.

The class meetings require a quorum of presence of 50% of the shares issued within each class and decisions shall be carried if approved by 2/3 of the shares present and/or represented at the relevant class meetings. In order to perticipate in the extraordinary general meeting and class meetings, the holders of bearer shares must deposit their shares at the offices of Banque Générale du Luxembourg, 50, Avenue J.F. Kennedy, L-2951 Luxembourg, by no later than 5 p.m. on 22nd March 1996.

The draft text of the proposed amendments of the Articles of Incorporat is available for inspection at the registered office of the Company an copy thereof may be obtained on request.

Shareholders of the Emerging Asia Fund are further informed that the base currency of the Sub-Fund will, with effect from 1 April 1996 be changed from its current denomination in ECU to USS, the International currency with wich most emerging merkets are closely linked. Shareholders of this Sub-Fund who do not concur with this change may redeem their Shares, without cost, until 1st April 1996.

Finally we would like to inform you that both the Company and the Sanque Générale du Luxembourg, the Company's custodian and central administrator, have changed their registered offices to 50, Avenue J.F. Kennedy, L-1855 Luxembourg.

Oesterreichische investitionskredit Aktiengesellschaft

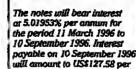
Issue of up to US\$40,000.000 Subordinated Collared Floating Rate Notes Due 2004 of which US\$20,000,000 is being issued as the initial

Notice is hereby given that the notes will bear interest of 5.25% per annum from 11 March 1996 to II September 1996. Interest payable on 11 September 1996 payable on 11 September 199 will amount to US\$26.83 per US\$1,000 note, US\$268.33 pe US\$10,000 note and US\$2,683.33

Agent: Morgan Guaranty

WOOLWICH

Building Society -



CL

US\$5,000 note and US\$2,551.59 per US\$100,000. Agent: Morgan Guaranty Trust Company **JPMorgan** 

CREDIT LYONNAIS

Floating rate ootes 2003

US\$100,000,000

Trust Company

BANK OF GREECE

Notice is hereby given that the notes will bear interest at 6.275% per annum from 7 March 1996 to 7 June 1996. *Interest payable* on 7 Ji 1996 will amount to \$157.73 per \$10,000 note and \$1,577.32 per \$100,000 note.

Agent: Morgan Guaranty Trust Company

**JPMorgan** 

000,000,0012

due 1996

Floating rate ootes



US\$300,000,000 Floating rate ootes 2003

The notes will bear interest at 6.01953% per annum for the period 11 March 1996 to 11 September 1996. Interest payable on 11 September 1996 per US\$1,000 note will amount

Agent: Morgan Guaranty Trust Company

**JPMorgan** 

### COMPANIES AND FINANCE

# Japan's shipyards in doldrums

Competition from Asia, excess supply and high costs have all taken their toll on the industry, writes Gerard Baker

western Japan offers a powerful illustration of the current plight of Japanese

A month ago, the US navy informed Sasebo, one of Japan's eight largest shipbuild-ers, that it wished to use the dock for long-term repairs to one of its ships, the 45,000 tonne USS Belleau Wood. In other circumstances the prospect of such a repair contract might appear enticing to a struggling shipbuilder.
But the deal did not promise

to be lucrative at all for Sasebo. In fact, the plan was that they should do it for free. Under the terms of a con-tract between US forces, the Japanese government and Sasebo, in effect since the second world war, the US navy has the right to dock its ships at Sasebo's yards and have them

repaired for nothing.
But last month, in an unprecedented act of defiance, the company refused. Tying up its largest dry dock for six months would, it said, cost the company Y9bn (\$85m) - almost one third of its entire balfyearly turnover.

"The use of Dock Number 3 in this way would literally kill the company," says a manager in the planning division at the company. "We will lose other clients who will not be able to have their ships repaired -they will almost certainly go to other Asian yards, and will probably never come back." Mr Ryutaro Hasegawa, the company's president, told the US navy that Sasebo could not agree to the plan. In the past,

be explained, the company might have been able to afford

to allow a deal like the one

proposed, but it was no longer financially healthy enough. Negotiations bave since come close to settling the dispute - it is probable that the US navy will agree to pay some of the repair costs, But the unusual acknowledgement of financial difficulties by Sase-bo's management highlighted the continuing weakness of an industry that has been almost

synonymous with Japan's post-

war economic succes Once unrivalled as the world's leading shipbuilders, Japan's yards have hardly been out of the doldrums in the past two decades. Following the oil shock in the mid-1970s, Japanese companies have had difficulty adjusting downwards their enormous capacity.

the harsh reality is that they per cent between 1992 and 1995. materials purchased in the curdecades ago.

ry Dock Number 3 at still face a hard slog in the face the Sasebo shipyard in of excess supply at bome and abroad, and high costs as a perennially strong currency intensifies competition in Asia. At first sight, such a gloomy prognosis sits uneasily with

the recent evidence.

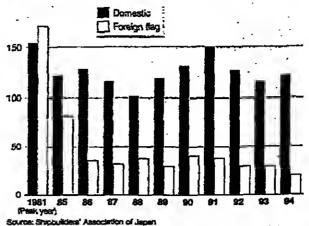
Last year Japan confirmed its status as the world's largest exporter of ships. It lost that title in 1983 for the first time in more than a decade - to South Korea - but bounced back in 1994 and consolidated its posi-tion in 1995. Total orders received were 8.1m gross

Japan still produces about one third of the world's ships and, since the business is heavily cyclical, the emerging recovery in Japan and continuing strength in Asian markets should ensure that demand over the next few years grows

Even the Korean yards, long regarded as the nemesis of Japan's shiphuilders, have started to discover some of the costs of their own rapid growth. Their wage bills are rising rapidly and their keen competitive edge over their rivals has dulled. But that is where the good news ends.

The hig Japanese companies' recent performance is merely part of the long stagnation of the ship market in the past estimates, lead to overcapacity

Japanese shiprepair sales



And these are dollar-denominated figures. The situation has been much worse for Japanese companies as the exchange rate has moved begin sourcing marine engines sharply against them. In the period when the Japanese were from manufacturers in Europe and Korea. increasing their share of orders, the yen reached its peak against the dollar, at around Y80 - a factor that will bite hard into margins over the next few years. This problem will continue to be significant

prices stage a mild recovery in the next few years.

Although growth in world demand is likely to lift orders over the next 10 years, that growth will coincide with expansion in global capacity. A recent wave of Korean investment will, according to some

In the year to March 1995, combined shipbuilding turnover was Y863bn, a fall of 17 per cent on a year earlier

decade. A gap of up to two years hetween orders and deliveries is reflected in recent sales and profits.

in the year to March 1995, combined shipbuilding turnover was Y863.1bn, a decline of 17 per cent on a year earlier. (Other activities - such as heavy equipment manufactur-ing - offset much of the shipbuilding declines for most companies, but the decline in core business was dramatic.) Profit margins hit their lowest level for four years. But if the past has been dis-

appointing, the future looks eaker. Japan's return to the top of the world exports league has been achieved at a cost. The prices at which most of these contracts have been struck have been among the lowest for years - for some categories of ship, nearly 20 per cent below their peak in 1992. The price of a 250,000 tonne large crude carrier

GRANADA

IS MOVING

From 11 March 1996, the headquarters of Granada Group PLC

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GRANADA GROUP PLC

of up to 50 per cent in world markets by early next century. Japanese companies also face further pressures from the shrinking defence market at home. Government defence plans for the rest of the decade, published late last year, envisage the deepest cuts in naval vessels for decades. Unlike other countries' shipbuilders, Japan's yards cannot make up that shortfall through military exports, since they are barred from selling detence equipment overseas.

But the Japanese have not been idle in meeting this formidable array of challenges. To reduce costs, they have stepped up purchases of materials from overseas, in an attempt to turn the high yen to advantage and to avoid the most extreme effects of Japan's high labour costs. Hitachi

Zosen announced last year that it intended to raise overseas materials purchases to about Y60bn, or 38 per cent of total

rent year - almost twice the level of a year earlier. Mitsuhishi Heavy Industries, the largest company, said it would

investment in new technologies is also beginning to feed through into profitability. The re-equipping of shipyards with increasing automation bas pushed Japanese production efficiency well ahead of its Asian competitors.

even if, as expected, dollar Most of the larger companies are also exploiting the diversi-fied nature of their businesses and expanding other heavy engineering projects. Shipbuilding now accounts for just 8 per cent of Kawasaki Heavy Industries' total revenues, and 15 per cent of Ishikawajima Harima Heavy Industries'

> But perhaps the most intriguing developments have been the first tentative steps towards partnerships. In the past 12 months a number of collaborative projects have been announced by the big companies. In the defence field, IHI and Sumitomo Heavy Industries announced plans for a company to build and repair warships. Hitachi Zosen and Mitsui Engineering and Shipbuilding signed a similar deal. In civil shipbuilding, partner-

ships have even begun across borders. Last September, for example, IHI signed an agreement with a Chinese yard to build cargo vessels for a Euro-

The expansion of shipbuild ing facilities in Asia over the next few years will test Japanese companies to the full. Many still have considerable overcapacity, in spite of clo-sures, mothballing of several shipyards and a sharp decline in workforces. The prospect of closer integration - even partial consolidation among companies themselves - seems likely to be the next phase in their long adjustment process from the heady days of two

### **NEWS DIGEST**

# Sandvik sees lower result for 1996

A clear pattern for Sweden's leading exporters of weakening performance in recent months was echoed by Sandvik, the tools and specialty steels group, which reported a fall in profits in the fourth quarter of last year and warned that 1996 returns would be below the record set in full-year 1995. Sandvik said the surge that continued in the first half

carried the full-year pre-tax surplus for 1995 to SKr5.6bn. (\$625.3m), a 47 per cent rise over 1994's SKr3.8bn. Group sales

(\$825.3m), a 47 per cent rise over 1884 s SKRA.5mi. Group sales rose 17 per cent from SKr25.2bn to SKr29.7bn.

However, the group was hit by weakening demand in western Europe in the second half, with conditions in France and Germany "surprisingly weak" in the fourth quarter. Fourth-quarter pre-tax profits slipped from SKr1.35bn to SKr1.31bn. "We expect a weaker economy in 1996 and a stronger Swedish krona, Accordingly, earnings in 1996 are expected to be somewhat lower than in 1995 – but will still be at a high level," Sandvik said.

Earnings per share in 1995 rose 53 per cent from SKr3.75 to SKr13.40. The dividend was lifted 50 per cent from SKr3.75 to Hugh Carnegy, Stockholm

### Neste doubles dividend

Neste, the Finnish oil and energy group, rewarded investors who bought shares last year, when the state-controlled company was partially privatised, hy doubling its dividend for 1985, despite only marginal profits growth. Finland's biggest industrial group by sales said it intended to pay a dividend of FM2.40 a share, twice the level of the 1994 payout. The decision follows the sale of a 10m tranche of shares last November. reducing the government's stake in Neste to 83.6 per cent and resulting in the listing of the company on the Helsinki bourse.

As previously signalled, Neste said pre-tax profits in 1996 rose only slightly, from FM1.23bn to FM1.36bn (\$295.8m). The

rise was chiefly the result of lower financing costs, as operating profits fell from FM2.24bn to FM2.14bn, mainly because of a FM300m rise in depreciation costs arising from a change in the treatment of goodwill. Group sales fell sharply from FM49.2hn to FM43.3bn, largely because of a deliberate reduction in Neste's international crude oil trading as it restructured in advance of the privatisation issue.

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### Brahma benefits from stability

Brahma, Brazil's higgest brewer, announced a sharp increase in profits for last year, helped by the country's economic stability, Net profits increased 73 per cent to R\$250.3m (US\$255m) in the year to December 31, from a restated R\$144.4m in 1994. No explanation was given for the increase, although all Brazil's brewers saw sharp rises in demand following the 1994 launch of a new currency, which brought down inflation and channeled more income to poorer

Sales, net of taxes, increased more than 80 per cent to R\$1.34bn, but operating expenses were controlled to only a 3 per cent increase. As a result, operating profits were ahead sharply, from a restated R\$186.6m in 1994 to R\$342.7m. The group said it opened three new breweries during the

year - including the largest in Latin America, where the company spent US\$680m on a unit with an annual capacity of 12m bectolitres of beer and 5m hectolitres of soft drinks. The company said its average annual productivity last year reached 7,000 hectolitres a head, a target it had not expected to

A dividend of R\$8.95 per 1,000 shares was proposed.

Angus Foster, São Paulo

### BHP shares slip on warning

Shares in Broken Hill Proprietary, the Australian resources group, slipped 6 cents to A\$18.67 on Friday after the company warned that profits from its steel division would show a "significant deterioration" in the third quarter, to end-February, and for the first nine months of the financial year. In the first six months, profits from the steel business were down 15.1 per cent, at A\$22m (US\$222.8m). The company said that pressures on export steel prices, along with higher costs and lower Australian deliveries had continued into the third quarter. The warning came in a prospectus accompanying a US debt offering, BHP's third-quarter figures will be released on March 22.

Nikti Tail Suther

### **Blyvooruitzicht Gold Mining** Company, Limited

(Registration number 05/09743/06) (Incorporated in the Republic of South Africa) ("Blyvooruitzicht")

TERMS OF THE RIGHTS OFFER

ent dated 8 March, 1996, Rand Merchant Bank Limited is authorised to announce that Blyvoornizicht will undertake to raise approximately Rand 40 million by way of a renounceable rights offer to Blyvoornizicht shareholders ("the rights offer") of 6,599,993 linked units ("the lights offer") of 6,599,993 linked units ("the linked units"), in the ratio of 15 linked units for every 100 Blyvooruitzicht ordinary shares of 25 cents each held by shareholders of Blyvooruitzicht, registered as such on Priday, 22 March, 1996. The sponsoring broker to the rights offer in the United Kingdom is Société Générale Stranss Throball

Each Haked unit will consist of an ordinary share ("the rights share") and an option to subscribe for one ordinary share ("the option"). The price of one linked unit will be 600 cents. On The Johannesburg Stock Exchange ("the JSE"), the linked units will be delinked upon listing and the rights shares and the options will be listed separately. On the London Stock Exchange Limited ("the LSE"), the rights shares and the options will trade separately when fully paid.

Each option will entitle the holder to subscribe for one ordinary share on any date prior to 31 December, 2000, subject to certain exceptions, at a subscription price of 600 certas per ordinary share. The option will expire on 1 January, 2001.

Endgold & Exploration Company Limited ("Randgold") has agreed to underwrite the rights offer upon the terms and subject to the conditions of the underwriting agreement to be entered into between

idgold and Blyvooruitzich Conditions precedent The rights offer is conditional upon the fulfilment of, inter alla, the following conditions precedent The JSE granting a listing of and the LSE permitting dealings in the renounceable (nil paid) letters of allocation and the JSE and the LSE granting listings for the securities to be issued by allyvooruitzicht in

rms of the rights of the registration of all requisite documentation by both the South African and United Kingdom

ncement regarding the salient dates of the rights offer will be published on or about

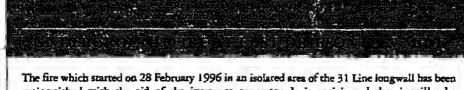
It is expected that a prospectus relating to the rights offer will be issued on 29 March, 1996. Copies of the prospectus are therefore expected to be available for collection during normal business hours for a period of two business days from 29 March, 1996 from the Company Announcements Office, London Stock Exchange Limited, London Stock Exchange Tower, Capel Court Entrance, off Bartholomew Lane, London Stock ECZ and on any weekday (Saintdays and public holidays excepted) up to and including 12 April, 1996

Société Générale Strauss Turnbull Securities Limited Exchange House Primrose Street

London EC2A 2D1

Viaduct Corporate Services Limited 19. Charterbouse Street London ECIN 6QP

11 March, 1996



extinguished with the aid of the inert gas generator. It is anticipated that it will take approximately one week to rehabilitate the affected area and re-start production from the stope. The fire broke our during the morning shift at a depth of 2200 metres below surface in the

area served by the No. I Sub-Vertical Shaft. Initially, because of poor visibility caused by dense smoke, 104 employees had to be evacuated to refuge bays. Rescue teams theo successfully brought all affected workers to surface. There were oo cusualties,

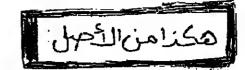
Loss in production due to the fire is estimated to be 247 kilograms of gold which is equivalent to approximately R12 million in revenue. This loss will be reflected in the current quarter's results and it is oot anticipated that it will flow through to the next quarter. This loss is partially covered by insurance.

lobannesburg



8 March 1996

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# Not enough Orange to go round

With all the index funds after a piece, setting a fair price could be sticky, says Norma Cohen

stakes in large companies

which have then entered the

Last September Pearson,

pushed that company's traded share capital just above the 25

per cent threshold. The stake

was placed almost entirely

Pearson was aware of the

premium that probable entrance to the index would

place upon the shares and

structured the deal with its

advisers so that it captured

While BSkyB shares have

traded, for the most part,

above the price at which they entered the index, passive fund

managers are less happy about

the performance of their shares

Last December recently pri-vatised regional electricity

companies sold enough shares

in the Grid for it to cross the 25

per cent threshold and enter

the index. But the December

sale price of 208p has not been

BSkyB and National Grid were

arrived at through a "book-

building" exercise designed to

reflect actual demand, Without

demand from the indexers, one

may only speculate what the

share prices might have been. For their part, the advisers say it is not in their interest to

simply obtain the highest pos-sible share price.

After all, they must approach index fund managers

again and again to buy new issues and antagonising them

Moreover, they are required

to maintain an orderly after-

market and setting too high a

they try to stabilise a new

Instead, they point a finger

ented approach to portfolio

"The problem in the UK is

that the fund management

community is more concerned

with relative performance than

with absolute performance."

said one investment banker.

"That is what causes the real

The preoccupation with per-formance returns close to the

index, or to the industry median, means that even non-

index fund managers want more than anything to bny

shares below or at the price

"Our target is to beat the price at which the shares go into the index." said Mr

Lacaille, an indexer. "It's not a

valne-added process but it is

the least risky."
Indexers who feel that the

share price is too high have few options. There are hedging

strategies which can be

employed by those determined

not to buy over-priced shares.

These include the purchase of

call options in advance of a

In the case of Orange, index-

ers may try to buy a proxy, possibly in the form of a basket of mobile telephone company

shares whose performance is

However, such alternative strategies raise the risk of so-called tracking error - the

degree of deviation between

the tracked index's returns and

believe the real solution lies in requiring greater free float before a share can enter the

index et all. "You have to ques-

tion whether the rules are really up to date," Mr Lacaille

those of the fund manager. But some fund managers

stock entering the index.

likely to be similar.

they enter the index.

is likely to backfire.

construction.

Prices for shares in Orange,

in the National Grid.

FT-SE 100.

with indexers.

that premium.

seen since.

For most fund managers, the imminent flotation of UK mobile telephone company Orange requires making a straightforward decision about publisher of the Financial Times, sold its 8.5 per cent holding in BSkyB, which value and price.

MARKET WARREN

Page - Tangan

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Not so managers of index funds - those who manage a basket of stocks the performance of which is designed to mimic that of a key index, such as the FT-SE 100 or the FT-SE Actuaries All Share. These managers have little option but to buy, no matter what the price.

From late June, Orange, with an estimated market capitalisation of between £2.2bn and £2.4bn, will almost certainly be included in the FT-SE 100 and any fund manager committed to matching this index will have to own Orange shares.

The problem is that Orange shares will be scarce: only a quarter of the company is being offered to the public.

London Stock Exchange rules have long allowed companies to obtain a listing pro-vided that they have a "free float " of et least 25 per cent of their share capital - in other words, that 25 per cent is available for trading.

The same percentage threshold applies to inclusion in the FT-SE 100 index, which is made up of the largest UK

### FUND

companies, measured by total market capitalisation. Thus a company with a total capitalisation of £1.7bn, but with traded share capital of only £425m-£450m, can find itself in the price will cost them dearly as

MANAGEMENT

FT-SE 100. The rules of the index, which issue. are overseen by an independent committee of City profes- at the fund management comsionals, pre-date the rise of munity and the consensus-ori-index fund management in the ented approach to portfolio UK. Some fund managers say that these rules may now be responsible for distorting the prices for some share issues those which only meet the minimum free float - and

should be reviewed. Index funds - which own an estimated 7 to 8 per cent of the shares on the UK stock market - need to buy the new issues to maintain their performance

objectives. A further 7 to 8 per cent of the market is dominated by quasi-indexers - fund managers whose strategy requires them to hold a weighting in every share in the index so that their annual returns do not deviate too far from it.

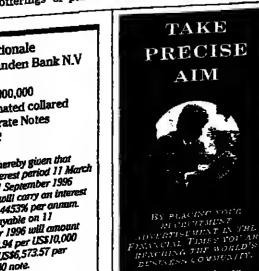
Thus, very little of a compa ny's shares may be subject to the bargaining between buyer and seller which helps determine a new issue's price.

"If 15 per cent of the UK market is indexed, that's about half of what is available," said Mr Rick Lacaille, director of structured products at Nat-West Investment Managers. The fact that Orange shares are almost certain to be admitted to the FT-SE 100 at the next quarterly committee meeting, on June 12, makes them "a pretty significant one-way

This point has not been lost on investment bankers who are responsible for distributing

new shares to investors. "These rules are probably slightly outdated," conceded one banker. "You could probably increase the threshold [for entrance to the FTSE] as the level of indexation in the UK

Orange is only the latest in a spate of offerings of partial



### Nugget of wisdom in worthless paper

Anyone who has endured the ignominy of trying to pay for a restaurant meal with an overdrawn credit card will enjoy the experience of Donald M Coxe, recently-named chairman and chief strategist for Chicago-based Harris Investment Management, Norma Cohen writes.

Coxe, right, was in London last month, along with other luminaries, to address the joint international advisory board of Barrick Gold – one of the world's leading gold producers and Horsham, its controlling shareholder.

He paused at fancy food purveyors Fortnum & Mason, near Piccadilly Circus, to buy some cheese and tea, paying with e £50 note obtained from Harris Trust & Savings Bank, parent of his investment management

Unhappily for Coxe, the eagle-eyed shop assistant instantly spotted the note was a fake and called a security guard, who in turn called the police. They hauled him down to Vine Street, the local police station, for questioning.

After 90 uncomfortable minutes, the police were persuaded by virtue of his position, his temporary residency at e most exclusive, invitation-only hotel and his stock of genuine £50 notes, that he was the victim of someone else's fraud.

Harris Bank, it seems, had obtained the counterfeit £50 note from e bank in New York which it has declined to identify publicly, although its name has been passed to US law enforcement authorities. Despite the discomfort of the incident, Coxe believes it offers

merits of various monetary instruments. "One lesson I learned from this," he told the assembled Barrick-Horsham board, "is the enduring value of gold."

important insights into the relative



FINANCE

### Magalhães Pinto clan in a sea of troubles

There seems to be no end to the bad news afflicting Brazil's Magalhães Pinto family, one of the country's wealthiest, Angus Foster writes. Already distraught by the loss of the family's bank last year, its patriach and his sister both died within hours of each other last week.

The family was forced last year to give up control of Banco Nacional, a leading Rio de Janeiro-based bank. amid a liquidity crisis. Allegations of fraud, apparently involving several

billion dollars and going back several years, then started swirling around the bank and prompted the senate last Wednesday to instigate a full enquiry into Nacional and Brazil's

financial system. José de Megalhães Pinto, the 86-year-old founder of Nacional and an important political figure in the 1960s, died of s heart attack on the same day the senate enquiry was announced. He had been ill for many years and family members denied any link between his death and the enquiry, saying he was rarely lucid in recent years. Although he had been told about the loss of the bank,

he had difficulty remembering such matters. Just a few bours later, his sister also died.

Attention will focus in coming weeks on two of his sons who ran Nacional, Marcos and Eduardo, The senate is expected to call both as witnesses for its investigations, and ome politicians are already claiming the brothers must have known what was going on, which media reports blame on a senior functionary. Both have refused to comment publicly since they lost control of Nacional, which the central bank sold to its rival Unibanco last November.

Despite its wealth and connections the two brothers' sister, Ana Lucia, is married to the son of Brazil's President Fernando Henrique Cardoso - the family lives discreetly in Rio de Janeiro. Friends say the family is shocked by its sudden fall from erace, and Ana Lucia has hardly appeared in public since the bank's problems became known.

### No shotgun weddings for Belgian banking

Daniel Cardon de Lichtboer is e man not afraid of controversy. Neil Buckley writes. The affable chief executive of Banque Bruxelles Lambert, Belgium's fourth-largest bank, last summer launched the biggest debate in the Belgian financial world - about the need for a "GBB", or "Grande Banque Belge".

Cardon's thesis is that there are "too many medium-sized banks in Belgium". None, he says, is big enough to compete in the international market - especially if the Belgian franc is swept eway by a single European currency.

His views gained support in December from finance minister Philippe Meystadt, and a month later from Elio Di Rupo, economics minister. But they were not universally welcomed in the banking sector, and his statement in e newspaper interview last summer that he would like to see his own bank, BBL, merge with another produced a flurry of beadlines

suggesting BBL was for sale - which the bank rushed to correct. Last week, reporting a 15 per cent increase in net profits, Cardon reiterated that his bank was "not for sale". But be defended his views on the need for mergers, and said it was almost inevitable that BBL would merge or form an alliance with another bank within the next few years, just as Banque de Bruxelles and Banque Lambert merged 21 years

ago to form BBL. Who might be a suitable partner? Ferdinand Chaffart, chief executive of Générale de Banque, said last week that his philosophy was to be "standalone". Meanwhile, Crédit Communal de Belgique, the state-owned bank seen by analysts as another candidate for merger with BBL, has, in the words of Cardon, "internal problems which make it difficult to be flexible".

Cardon retires from BBL next year, but the debate he sparked on the future of Belgium's banks may well

### Dinner invitation from Sir Terence

Can Sir Terence Conran, the man behind glitzy London restaurants such as Quaglinos and Mezzo, persuade City workers to stay around after dark?

When the Great Eastern Hotel the only one in the Square Mile reopens in 1998 following e £30m refit, there will be three Conran eateries to choose from, including e glamorous 300-seater along the lines of Quaglinos, Simon London writes.

The lunchtime market should be easy to please. The City is notably short of affable and affordable lunch spots. But lunch trade alone is unlikely to deliver a handsome return on Conran's investment. "The real trick is to get people in the evenings," admits Des Gunewardens of Conran Holdings. "No one in the City has cracked it yet, but if we create a sufficiently exciting destination I am sure people will

This announcement appears as a matter of record only.

March 1996

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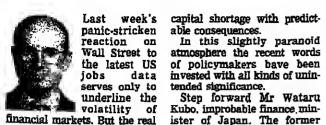
Notice is hereby given that for the interest period 11 March 1996 to 11 September 1996 the notes will carry on interest rate of 5.14453% per animm. Interest payable on 11 September 1996 will amoun to US\$262.94 per US\$10,000 note and US\$6,573.57 per US\$250,000 note.

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Global Investor / Gerard Baker in Tokyo

# Turn of the Japanese bogeyman



serves only to underline the volatility of financial markets. But the real threat to stability continues to lie with the Japanese recovery.
For months the barely whispered fear in global markets has been of a re-run of 1994, with the Bank of Japan taking the place of the Federal Reserve as bogeyman. Alarmed fixed income investors have been watching anxiously for evidence of an end to the long Japanese slump. The risk was

would lead to a flood of Japa-

nese money returning to

Tokyo, sparking off a global

able consequences. In this slightly paranoid atmosphere the recent words of policymakers bave been invested with all kinds of unin-tended significance.

Step forward Mr Wataru Kubo, improbable finance minister of Japan. The former school teacher and lifelong member of the socialist party was hustled into his post two months ago when no other member of the governing coalition could be prevailed upon to sacrifice himself over the increasingly intractable row abont Japan's housing loan Mr Kubo has spent most of that higher interest rates

those two months trying to wriggle the government off the self-manufactured hook of its bailout plan for these bankrupt businesses. But from time to time he has ventured out, Pooter-like, into the world of real

His most consequential remark came three weeks ago, when he made the apparently unstartling observation that the current historically low interest rates in Japan were not much help to the country's savers - especially the old.

The fixed income markets were convulsed. Investors immediately took these rather kindly remarks from the sexu-agenarian socialist to mean the long-awaited Japanese credit tightening was about to start; the benchmark 10-year bond yield quickly rose to a six-

To be fair. Mr Kubo's remarks coincided with a change of sentiment in the fixed income markets. Bond yields have been edging up for the last few months as a steady flow of better news about the economy convinced investors that it was at last headed for a

recovery worthy of the name. But Mr Kubo's intervention appeared to be the catalyst for a definitive shift. In spite of attempts by officials to downplay the significance of his remarks, it was widely argued that they were the first sign of an impending policy change. By the end of February, the hita, the governor, leaves no doubt about where his and the benchmark bond yield had risen close to the 3.5 per cent

level, up 0.8 percentage points in three months. Aggressive fund raising by Japanese banks approaching their yearend also pushed up 3-month But the Jepanese govern-ment does not seem to be

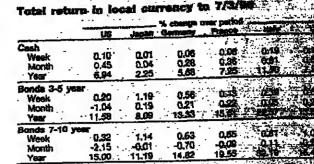
approach became even more evident when, at the beginning of this month, the bank pubabout to change tack. Look no lished its quarterly survey of further than the one institu-

tion that has been remarkably unmoved in the frenzy. While bond yields were leaping wildly in late February the Bank of Japan continued supplying the money markets, holding overnight rates below the official discount rate.

> kan is the most influential indicator of economic confidence, and the bank relies heavily on its conclusions in determining monetary policy. It is striking how often a disap-pointing tankan has been followed by an interest rate cut.

far from independently viable economic recovery.

Justification for this The latest survey confirmed that recent heightened optimism about the recovery is misplaced. There was only a marginal and lower than



dence among large companies. The bollowing out of Japanese industry continues apace. with the share of overseas production at Japanese manufacturers rising from 18 per cent a year ago to 21 per cent today.

Demand conditions actually deteriorated from last November, according to the survey. with a growing balance of companies reporting excess inventories and supply. The labour market remains very weak.

with a similar increase in the balance of companies reporting a labour surplus. And the number of companies expecting to cut prices rose again.

In short, a change in policy is not an early priority for the BoJ. nor for the preoccupied bureaucrats at the finance ministry. Interpreting the auguries of the US economy may be getting more complicated by the week. Japan's remain unambiguous.

COMPANY RESULTS DUE

### Insurers expected to demonstrate improvement

■ Prudential: The UK's largest life assurance and investment group, announces full-year results for 1995 tomorrow, on a new basis to reflect the EU insurance accounts directive. The Pru restated its 1994 and first-half 1995 results last montb. These showed an interim pre-tax profit of £499m, and analysts' forecasts for the new basis full-year are from £740m to £780m. Forecasts for the full-year dividend are for 15.5p-15.6p - a rise of at least

■ Legal & General: Full-year results are due from the large

UK life assurer on Thursday. L&G's accounts show investment returns in an "unsmoothed" way, and so year-onyear comparisons are volatile. In 1994 pre-tax profits slipped more than 9 per cent to £164.9m, but analysts' forecasts for 1995 are focused in the £250m-£260m range.

■ Laporte: The specialist chemicals company has said its annual pre-tax profits announced today would be 10 per cent down on last year's £123.5m to about £110m.

Downturns in the construction and bulk chemicals markets hit the company's water technology, construction and bulk polymers activities.

■ Williams: The diversified industrial group is expected to aunounce annual profits of between £225m and £239m tomorrow, up from £200m. The figures will include an exceptional gain of £9m linked to the

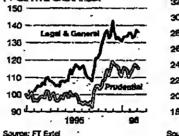
November flotation of Cortworth, the specialist engineering group in which Williams retains a 19 per cent stake.

TI Gronp: The specialist engineering and aerospace components manufacturer tomorrow is likely to report annual pre-tax profits of about £180m, against £153m.

■ Wolseley: Concern about declining margins has led analysts to downgrade pre-tax profit forecasts for the world's largest distributor ofheating and plumbing equipment, to £110m-£112m for the six months to the end of December compared with £117.4m last time when the company reports tomorrow.

Reckitt & Colman: On Thursday the maker of cleaners and other household products, is expected to show pretax profits for 1995 before exceptionals of about £286m.

Shere prices relative to the FT-SE-A All-Share Index



against £270.3m.

Reed Elsevier: The Anglo-Dutch information group is expected to announce a strong set of 12-month results on Wednesday - influenced by the first year's contribution from the Lexis-Nexis database com-

Predictions for pre-tax profits range from £705m to £718m compared with £606m last year.

Share price (guildens)



which remained untouched at

Indeed it is impossible not to

be impressed by BoJ officials' rigid determination to main-

tain control Mr Yasuo Matsus-

bank's priorities lie - in the

need to foster the nascent but

Heineken: The Dutch brewing group is on Thursday expected to report 1995 net profit of between Fl 662m and FI 677.4m (\$268m) (\$410m), compared with F1603m before extraordinaries a year earlier. In 1994, Heineken posted net extraordinary income of Fl 59m, putting net profit after the gain at Fl 662m. No extraordinaries are expected

for the full year, and there were none in the first half, reports AFX News. The company said in early

September it expected a simi-lar full-year gain for net profit on ordinary activities to the 10 per cent rise reported in the first half. The dividend is expected to be unchanged at

Fine weather in September and October should have boosted Dutch beer sales and could lift the results. However, analysts warn that Heineken's second-half results may show a flattening volume growth in sonthern Europe and the US. Exports to the rest of the world have been showing excellent growth. Stronger sales of premium beers should boost margins. Recent acquisitions

BTR: The industrial conglomerate is expected to announce modestly increased pre-tax profits of £1.43bn-£1.45bn, compared with

INTERNATIONAL EQUITIES By Amonia Sharps

£1.41bn, when it publishes its full-year figures on Thursday. Growth is thought to have been dented by a weak performance in its Taiwanese polymers business Analysts are expected to press Mr Ian Strachan, who became chief executive in January, on when the group will begin to enjoy the benefits of last year's restructuring and disposal programme.

■ Coats Vivella: Last year's hot summer in western Europe is expected to drag down annual pre-tax profits at the clothing and textiles group below 1994's £152.4m. Analysts are forecasting about £145m. This year should be better, with analysts expecting more than £160m.

BolsWessanen: The Dutch drinks and food group is today expected to report 1995 net profit from ordinary operations between Fl 200m and Fl 201.6m (£80m), (\$122m). down from Fl 251.1m. Earnings per share are expected to fall to Fl 2.10 from Fl 3.08 in 1994. Last August, BolsWessaner forecast1994 net profit per share from ordinary activities down about 20 per cent. Second-half results are likely to continue to be depressed by currency effects, particularly the dollar and lira. The market will be awaiting news of possible disposals.

Cathay Pacific: The Hong Kong-based carrier which is part of the Swire Pacific group is expected to report a healthy increase in 1995 profits today. ! Analysts are forecasting net profits will rise 15-20 per cent above the HK\$2.39bn (£202m) : (\$309m) achieved in 1994. Stronger economic growth in the region improved cargo and passenger volumes and a change in depreciation policies should all help lift the bottom line. Turnover is expected to show a marked recovery.

The Financial Times plans to publish a Survey on

on Thursday, April 11.

The survey will focus on elections, which if held as scheduled, will be an important milestone in Russia's efforts to build a democracy. Among other subjects to be covered will be the economy, foreign investment, privatisation, oil and gas, agriculture etc.

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### **CONTRACTS & TENDERS**

### **ELECTRICAL POWER IN GUYANA**

INVITATION TO PARTICIPATE IN CREATING A NEW GUYANA ELECTRICITY CORPORATION (GEC)

ent of Guyana (GOG) recognizes that there is a need for a rapid rate of investment in the Guyana Electricity Corporation (GEC) within the next five years to extend and improve supply and to meet the needs of a growing economy. Power supply in Guyana has been insufficient to cope with the growing demand and a significant amount of suppressed demand exists. Currently, major industrial consumers and large mining facilities provide their own power requirements. The GOG is ready to consider the introduction of a strategic core investor in the GEC who will bring capital and management expertise.

in light of the above, the GOG is seeking formal written expressions of interest from international power secto operators or operator-led consortia considering investment in the electricity business of GEC, presently a sperators of operator-led consolina constrainty in the later of the inter-state-owned vertically integrated electricity company. The GOG, with the technical support of the inter-American Development Bank (IDB), is about to choose a Financial Management group to prepare, among others, the Information Memoranda describing the GEC's business and manage all the necessary du diligence, the appraisal of the offers.

The strategic investors will propose to acquire e percentage shareholding of the ownership by subscribing capital for new shares. The new capital raised in this way will be used to fund development of the GEC. As a view into the future, Guyana has a significant untapped hydro potential as well as the possible utilization of

sector operators are now invited to submit brief statements of qualifications, relevant experien including background, organization and utility management and technical capabilities and financial position and preliminary proposals and expectations, so that potential partners may be pre-screened prior to formal negotiations and tender procedures expected to be completed during the third quarter of 1996. Written expressions of interest and prakminary proposals should be submitted to arrive in Georgetown, Guyana, no later than 15th April, 1996. Applicants will then be notified of further steps in the process of forming a new GEC. The GOG reserves the right not to accept any of the offers.

written applicants must be submitted to:

Hon. Samuel A. Hinds Prime Minister of Guyana Wight's Lane, Kingston Georgetown, Guyana, SOUTH AMERICA

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# Election blights Spanish sell-off

The unexpected outcome in want to alienate them. Spain's general election last week, in which the centre-right the strength of demand among Popular Party failed to win the retail investors for privatisaoutright majority that opinion tion stocks. In the current sale polls had predicted, has raised of stock in the banking group. the prospect that its hitherto Argentaria, which will halve smooth privatisation prothe state's holding to 25 per gramme could be in for a cent, the domestic retail bumpy ride, or stall altogether. International investors in

Spanish equities have not had to contend with the stock market uncertainty which could result from consensus politics - if the PP succeeds in forming a government with the Catalans. If the political uncertainty becomes too great, they could simply turn their backs on Spain as they have done in ltaly on many occasions.

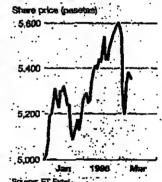
The success of the outgoing Socialist administration in building up a equity culture in Spain means that, unlike France and Italy, Spain does not need to rely as heavily on unpredictable international investors when selling shares in state-owned companies. Nor would the new government parameters for valuing the

Recent sell-offs have shown

tranche is said to be four times over-subscribed. The new government will have to embrace incentives, such as the one-year guarantees against a fall in the share price used by its predecessors, to ensure that retail investors do not become disenchanted

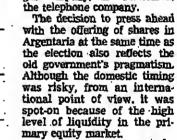
with privatisations. However, the PP is unlikely to pursue a privatisation policy with the same successful pragmatism of the outgoing Socialist administration.

For example, its plans to introduce a privatisation law along the lines of the French legislation are likely to result in a more "programmatic approach", as one banker put it. The law will establish



company being privatised. Privatisations will also require parliamentary approval.

One consequence of such a law would be that, like the French, the new government would not be able to move quickly when market conditions are favourable, a strategy which the old government used successfully, particularly over the past year when it sold off shares in Repsol, the oil and



Perversely, the sharp fall in the Madrid stock market, and in the share price of Argentaria, appears to have worked in Argentaria's favour.

gas company, and Telefónica,

The sell-off in the market was healthy and investors who weren't looking at Argentaria at the higher level of Pta5,600 (£29.31) are now more attracted to the valuation story," said one banker involved in the transaction.

In addition, since it is likely to take many months for the PP to pass its privatisatioo law, this may be the last Spanish privatisation for some time. See Lex

FT/S&P ACTUARIES WORLD INDICES

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Lighter as becentienes	US	Meng	POLINO			LOCE	LOCAL %	Gross	_U\$	Pound			Local			Year
show number of lines of stock	Dollar	29/12/85	Starting	Yen	DM	Index	chg from 29/12/95	Div. Yield	Dorar Index	Sterling	Yen	DM	Сипелсу			ago
									BIOEX	IIIOEX	noex	Index	Index	High	Low	(approx)
Australia (81)		4.6	193,43	133.20	153,59	172.39		3.96	198.44		132.09	152.57	172.98	202,74	158.78	161.1
Austria (26)		5.2	178.41	122.85	141.66	141,51	9.0	1.62	184,50	178.78	122.82	141.86	141,69	199.28	- 168.11	192.2
Beiglum (34)		1.5	205.14	141.96	163.86	159.67		3.32	213.61	207.16	142.33	164.30		215.61	172.97	
Brazi (26)		6.9	143.26	96.85	113.75	267.01	8.2	1.73	148.72	144.11	P9.00	114,35	269.43	170.25	86.06	94.4
Ceneda (101)	153,61	3.5	149.22	102.76	118.48	152.03		2.A7	155.36	150,54	103.42	119.45	154.30	158.71	126.91	126.9
Denmark (33)	295.54	23	287,09	197.70	227.95	230.44		1,66	299,76	290.47	199,54	230.47	232.90	305.17	252.41	263.8
Finland (24)		-3.8	174.91	120.45	138.89	174.31	2.2	2.62	101.36	175.74	120.73	139,44	175.01	276.11	171.13	
France (96)		4.1	181.40	124.92	144.04	148.83	8.1	3.09	190.02	184.13	126.49	146.10		191.17	181.53	187.2
Germany (60)		4,5	166.17	114,43	131,94	131,94	6.3	1,66	172.23	168.90	114.65	132,42		173.79	142.25	153.04
Hong Kong (59)		13.2	425.22	293.51	338,43	435.61	13.2	3.28	438.14	424.57	291.66	336.87		451.19	323.67	324.05
heland (16)		2.4	254,11	174.88	201.77	235.02	4.8	3.41	265.00	256,79	178.40	203,74	297.51	265.00	205.44	210.73
taly (59)	74.69	1.3	72.55	49.95	57.81	87,14	-0.2	1.73	76.30	74.02	50.85	58.73		82.71	85.45	72.6
Japan (482)		-52	142.71	98.28	113.32	96.28	-2.7	0.78	146.24	141.71	97.35	112.44	97.35	164.82	137.75	147.67
Malaysia (107)	542.07	11.7	526,56	362.61	418.10	580.69	11.9	1.60	548.83	531.82	355,34	421.97		- 561.96	425.77	483.14
Mexico (18)	1048.55	1.0	1015.81	700.07	807.21	8690.56	-0.4	1.60	1086,16	1052.50	723.03	835.10		1237.14	847.81	699.5
Netherland (19)	278.02	1.9	270.06	185.97	214.43	210.78	5.0	3.26	281.58	272.85	187.44	216.49		283.23	227.78	232.41
New Zeeland (13)		1.7	78.21	53.85	62.10	63.29	-2.2	4.71	78.37	78.92	52.84	61.03	B2.63	85,49	72.39	72.6
Norway (33)	235,51	2.3	229,84	158.28	182.50	207.13	4.4	2.45	239.65	232.23	159.53	184.26		243.79	202.78	207.53
Singapore (44)		7.0	423.09	291.36	335.95	282.71	6.5	1.43	436.57	423.04	290.61	335.66	283.41	485.21	346.10	349.57
South Africa (45)	388.08	0.2	375.03	258.26	267.79	331.42	8.0	3.13	385.96	374.00	256.83	296.75	330.27	437.76	315.91	323.15
Spain (37)		1.3	162.62	111,99	129.12	156.31	4.3	3.82	167.31	182.13	111.36	128.64	157.83	175.88	124.10	127.87
Sweden (47)	328.45	4.8	317.11	218.37	251.79	328.98	7,4	2.32	333.82	323.48	222.22	255.66	335,34	342.58	232.23	237.5
Switzerland 1391	241.95	2.5	235.04	161.86	186.63	180.53	7.2	1.50	243.63	236.05	152.18	187.32	181.45	243.63	171,84	179.09
Theland (46)	179.78	6.8	174.63	120.26	138.66	175.97	7.0	1.94	180.80	175.30	120.42	139.09	177.00	193.95	130,15	137.08
United Kingdom (205)	229.23	-0.6	222 57	153.34	178.80	222.67	1.1	4.20	232.55	225.35	154.80	178.80	226.35	235.50		
USA (631)		3.0	251,51	173.20	199.77	258.02	3.0	2.24	267.16	258.88	177.84	205,41	267.18	269.11	193.41	196,86 197,56
Americas (778)	298.05	3,1	229.29	167.90	182.06	196,42	3.1	2.24	243.36	235.82	162.00	187.11	204.59	245.54		180.24
Europe (730)	204.34	1.7	198,49	136.69	157.61	177.60	4.5	3.05	206.93	200.52	137.75	159.10	179.36	206.93	180.09	173.83
Vordic (137)	283.81	28	275.50	189,72	218,75	247.99	6.1	2.26	268.76	279.B1	192.22	222.02	251.68	295.02		
Pacific Besin (832)	160.96	-2.5	156.35	107.87	124.15	110.58	-0.7	1.21	160.39	155.42	106.77	123.32	109.79		222,22	229.00
euro-Pacific (1552)		<i>∂,G</i> −	173.81	119,69	138.01	735.92	1.7	2.00	179.69	174.12	119.61	138.15	198.07	171.87	148.86	155.28
North America (732)		3.1	245.18	158.84	194.6B	251.75	3.1	2.25	260.26	232.20	173.25	200.11		183.39	158.92	162.92
Europe Ex. UK (525)		3.0	180.59	124.36	143.39	151.75	6.5	2.43	188.09	182.26	125.20	144.61	259,62	262.26	193.22	193,22
Pacific Ex. Japan (350)		9.5	280.80	193.43	223.03	252.36	8.2	2.95	289.43	280.46	192.67	222.53	153,07	188.09	152.92	157.32
World Ex. US (1754		-0.4	174.99	120.51	138.95	140.00	1.9	2.12	180.97	175.36	120.48	139.14	253,03	293.59	229.25	229.25
World Ex. UK (2180)	201.95	1.2	196.16	135.10	155.77	169.45	2.5	1.97	205.26	198.90			140.21	184.71	159.65	162.78
World Ex. Japan (1903)		3.0	229,23	157.86	182.02	222.75	4.0	2.57	241.29	233.75	136,63 160,58	157.81 185.47	171,93	207.64	170.18	170.84
			_										227,52	242.17	187,55	169,31
The World Index (2385)		1.0	198.54	135,72	167.64	174.24	2.4	2.17	207.69	201.25	139.25	159.68	176.75	209.73	172.24	173,14

values. Dec 31, 1986 = 100; Finland: Dec 31, 1987 = 115.007 (LS \$ total), 90.791 (Pos

### **MARKETS:** This Week

Benchmark yield curve (%)"

FT-SE-A Ali-Share index

Source FT Extel

Economic data this week

notably industrial production

and producer prices numbers

numbers on Wednesday, will

be watched closely for signs

that the chancellor was taking

today and average earnings

7.50 \_\_\_

Today will be an anxious day in the US equity and bond markets. For weeks, investors have been living in the hope and expectation that the Federal Reserve would move to cut interest rates in the

The Asia

BANK

BARINGS

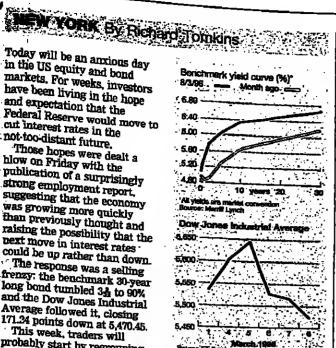
7/3/95

not-too-distant future. Those hopes were dealt a hlow on Friday with the publication of a surprisingly strong employment report. suggesting that the economy was growing more quickly than previously thought and raising the possibility that the pext move in interest rates could be up rather than down

The response was a selling frenzy: the benchmark 30-year long bond tumbled 3h to 90% and the Dow Jones Industrial Average followed it, closing 171.24 points down at 5,470.45. This week, traders will

probably start by regrouping and consolidating their positions as they try to determine where the markets will go next. Their main concern will be to establish whether Friday'a employment report was an aberration or its implications are confirmed by economic data to be published this week.

Today's figures for new home sales could provide some food for thought - the consensus forecast is 635,000 new homes in January - but the week's most important data will be figures for producer prices on Thursday



The state of the s

and consumer prices, industrial production and capacity utilisation on Friday.

Salomon Brothers thinks these inflation indicators will turn out to be relatively benign: softer energy prices and stable food prices should limit the advance in the February producer price index to just 0.1 per cent, it says, and it predicts an increase of only 0.2 per cent in the February figure for consumer prices. If these predictions are fulfilled.

### LONDON By Philip Coggan Bond and equity markets in London will start the week in a nervous mood after Friday's sharp falls on Wall Street which followed the publication

of stronger-than-expected US employment data.
The data raised doubts as to bether the US Federal Reserve would continue to cut interest rates, one of the factors which had been driving the international bull market. The UK base rate cut was almost forgotten in the turmoil\_ But there are signs that the

market believes Friday's quarter of a percentage point cut to 6 per cent will be the last for this cycle. On Friday, the short sterling future indicated that traders were expecting rates to climb back to 6.5 per cent by the year end.

Tax and interest rate cuts, combined with building society distributions and Tessa withdrawals could revive consumer spending and economic activity later this year. That would negate the need for further cuts. Bond yields, which have

been rising since the start of risks with inflation when he the year, indicate that investors think the authorities authorised Friday's rate cut. The results season was have also done enough to overshadowed by economic stimulate the world economy. news last week, although Gilts have suffered particularly Glaxo disappointed investors. badly; Friday'a 1% point fall This week sees figures from took the yield on the Prudential, Williams Holdings, benchmark 10-year issue to 8.11 Reed International, BTR and per cent. Reckitt & Colman.

### FRANKFURT By Wolfgang Münchau

The main point of interest in German financial markets this week will he the Rundeshank's council meeting on Thursday. With the continued weakness in the Germany economy and an abseoce of inflationary pressures, there is speculation Of further cuts in the discount and Lombard rates, even though at 3 and 5 per cent respectively they are already at a low point compared with

Most German-based banking

Mr Tietmeyer hit out against some monetarist zealots in Germany who have been urging a rate rise on the grounds that Germany has reached a cyclical low and that the Bundesbank should prepare for the next upswing.

He said the monetary environment did not justify higher rates. On the contrary, he added, the Bundeshank would take its time to consider whether and when to reduce rates. This has been interpreted as a pointer towards a rate cut.

5 e 7

Interest rates are also a focus

Source FY Extel

Benchmark yield curve (%)\* 7.00 4.00 previous cycles. DAX Index

2,500 economists believe the Bundesbank will hold rates steady this time and wait mtil next month, by which time it 2,480 will have the opportunity to study the February M3 release However, observers are careful enough to hedge their bets, especially in view of last week's comments from Mr Hans Tietmeyer, president of the Bundesbank.

One of the reasons the Bundesbank might want to wait is the bond market's continued nervousness. The markets remain sceptical about European Monetary Union, especially in view of a recent D-Mark bond

issue flop. of interest in the German equities market, which have behaved nervously lately. influenced greatly by external factors, such as last week's pharmaceutical merger in Switzerland.

### TOKYO By Emiko Terazono

While the authorities brushed aside concerns about last week's plunge on Wall Street during the weekend, caution is likely to prevail among investors. Last week's decline in US bond and equity prices will affect confidence at a time when uncertainty over the Japanese budget and lingering fears of a rise in long-term interest rates have weighed on Tokyo markets.

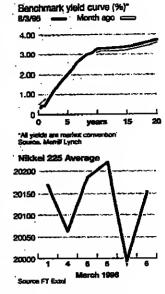
Profit-taking by banks and corporate investors looking to prop up earnings by realising gains on their portfolios ahead of the March book-closing will also continue to cap prices. Expectations of a firm US economy will lead to hopes of strong export growth for Japanese companies which in turn implies strong corporate earnings. Although the bond market is likely to see underlying support from low short-term rates and is unlikely to plunge, a rise in positive sentiment for the Japanese economy is likely to prevent active purchases. Meanwhile volatility on the US markets will increase anxiety on the equity markets. US investors have been the main force behind the Tokyo market's rise over the past year. Last week, selling of high-technology stocks by

overseas investors briefly

depressed the benchmark

index below the 20,000 level.

Another concern among



equity investors is the potential supply. Long arbitrage positions held against futures contracts still total some 3bn shares. The decline in the Nikkei 225 futures in Chicago could prompt unwinding of such positions, triggering widespread selling.

Equity prices are already pressured by uncertainty over the budget bill, which contains public fund support for the government's liquidation scheme for the ailing bousing loan companies,

### COMMODITIES SON Suprett (Speeding) Big week in prospect for gold

the markets could be in for a

If stock markets collapse this the cash to cover margin calls week will gold play its traditional role as a safe haven and

show a big jump in price? Gold was already rising on Friday and closed in London at \$395,50 a troy ounce, Some analysts suggest worries about wobbly stock markets will see more "hot" money directed towards the market and the \$400 an ounce barrier might be broken again.

However, the omens are not so good for gold\_bulls if the retreat from equities is substantial. When stock markets crashed in 1987, the gold price briefly picked up but then went quickly into reverse.

Gold bulls explained that the metal was still doing its job as a "safety provider" because

on stock exchanges.

to 1996, starting at \$373 and jumping to \$415.40 an ounce before subsiding to a twomonth low of \$393.70 in London

Ms Rhona O'Connell, analyst at stockbroker T Hoare & Co, suggests that gold was simply experiencing its annual Febru-ary bouts of weakness because the Chinese lunar new year and the post-Ramadan celebrations meant that countries which account for roughly 60 per cent of physical demand

last week. investors were selling gold for Australian Gold Conference

Gold made a turbulent start

a week ago.

for the metal were not trading

There are at least three events this week where the gold price will loom large. The

opens tomorrow in Kalgoorlie, Western Australia, within an easy drive of some of the world'a most profitable gold

> Delegates to the annual convention of the Prospectors & Developers Association of Canada started arriving in Toronto yesterday. Gold is still the prospectors' favourite target.

Meanwhile, with what turns out to be impeccable timing, the Platt's Metals Week publication has organised a "Making Sense of the Precious Metals Markets" seminar, starting today in San Francisco. This will be a more esoteric

affair than the gold conference or the PDAC meeting but it sbould throw more light on gold's behaviour when stock markets are in crisis.

### **BRADY BONDS**

Emerging-market bond dealers will be closely watching US Treasuries this week after the ront in the US market on Friday sent Brady bond prices into a tail-spin, writes Conner Middelmarm.

Treasuries will continue to dominate the markets - as they have done in the past two weeks." said Mr Peter West, economic adviser at West Merchant Bank (WMB) in London. The WMB Index of secondary market prices of emergingcountry debt fell 2.1 per cent on Friday to below end-1995 levels, wiping out the gains of

the first few weeks of 1996. Brazilian bonds bave been under pressure against the background of a probe into Banco Nacional's losses and last week's failure to pass a social security reform bill.

This week, attention will be on Venezuela, whose President Rafael Caldera will make his annual address to Congress and may give some indication on the progress of the coun-

OTHER MARKETS Compiled by Michael Morgan

try's talks with the IMF. In Argentina, the lower house of Congress will vote on the government's request for special tax powers, the main element of which is bolding the VAT rate at 21 per cent rather than cutting it to 18 per cent, as is programmed.

### **JOHANNESBURG**

Investors keenly courted by the world's emerging markets will look to the South African finance minister, Mr Chris Liebenberg, for a renewed commitment to control public spending when he presents the national budget to parliament on Wednesday, writes Mark Ashurst

Exactly one year after the reduction in the 1 per cent abolition of the financial rand. reserve hank governor Chris help improve liquidity. Stals concedes that last month'a devaluation of the

remains firmly committed to a gradualist approach. Rising public debt, which this year reached 58 per cent of GDP, and a 14 per cent rise in the money supply, require measures to dampen consump-

However, Mr Liebenberg will be constrained by both the political ramifications of raising VAT and the constitutional veto on cutting back the civil service, the biggest component

in the current account. Reforms to the secondary tax on companies, currently 25 per cent, and a controversial levy on income from pension funds have been widely forecast. Brokers are also confident of a marketable securities tax to

### ZURICH

rand favours the abolition of exchange controls. But he Wall Street apart, attention will remain on pharmaceuticals after last week's merger between Sandoz and Ciba.

The market, already at an all-time high on Wednesday, shot up another 5.1 per cent as the details of the deal became known on Thursday. The merger took the market by surprise in spite of the synergies between the companies.

"It showed," says Mr Mirko Sangiorgio, head of equities research at Pictet, the private Geneva bank, "that the impossible had now become possible." It also demonstrates, a number of analysts insist, that Swiss management is becoming increasingly open minded on issues of shareholder value.

### **HONG KONG**

The market could be in for a roller-coaster week as investors assess the impact of China's missile firing off Taiwan and check on the likelihood of a cut in US interest rates after Friday's jobs data. writes Louise Lucas.

Corporate earnings will also be a key feature of trading. Cathay Pacific today reports on 1995 earnings and 18 per cent growth in profits to HK\$2.81hn is forecast. Cathay's majority owner, Swire Pacific. announces its finals on Friday. Towards the end of last week prices began to fall due to a mix of the "Taiwan effect" and rising US bond yields. Turnover also fell, and the week ended with Friday showing a marginal gain on slim HK\$3.92bn turnover. Many brokers reckon the rally may now be running out of steam.

### CURRENCIES By Philip Gawith

### Traders cautious ahead of US inflation statistics

The point of departure for currency markets this week is sure to be last Friday's US for the dollar to break out of its recent trading range, a trend increase in the difference who helieve the Federal weekend approaches, this will employment report.

much higher than expected payrolls growth was very modest. But markets still need to decide whether the stronger growth, higher interest rate scenario favours the dollar, or a lower growth environment.

which is more bond-friendly. Many observers believe that due this week should confirm hand, if talk of the federal gov-

tial between US and German The dollar's response to the real long-term rates is

required. With the US economy apparently growing faster than previously thought, and recent German output and employ-ment data pointing towards recession, the ingredients may be falling into place.

That said, US inflation data

US \$ D-MARK

Reserve will cut interest rates when it meets on March 26, although Friday's buoyant payroll figure will have made this

less likely. The current account figures out tomorrow should help the dollar if, as expected, they show the US's deficit continuing to shrink. On the other cap any dollar rally.

Also relevant to the dollar is the Bundesbank council meeting on Thursday. Most observers helieve another cut in interest rates is likely, but March 28 is a favoured date, by which time the February money supply data will have

become available. Lower rates would most

likely favour the dollar and peripheral European currenremains that if last Friday's sell-off in US asset markets continues, the dollar will also

be dragged lower. Elsewhere, the South African rand will remain in focus, with traders wary that the budget on Wednesday could contain some further announcement about the relaxation of exchange controls.

E STO

CROSS BORE	DER M&A DEALS			
BIDDER/INVESTOR	TARGET	SECTOR	VALUE	COMMENT
Kvaemer (Norway)	Trafalgar House (UK)	Construction	£904m	Cash offer
ICI (UK)	Bunge Paints (Argentina)	Paints	£253m	First blg LatAm buy
BSKyB (UK) .	Premiere (Germany)	Broadcasting	£175m	Needs Kirch approval
Emap (UK)	Télé Star (France)	Publishing	€142m	Consumer mag move
IBM (US)	Data Sciences (UK)	Computer	£95m	Pre-float swoop
Tesco (UK)	Unit of Kmart (US)	Retailing	£77m	Czech/Slovak buys
McKechnie (UK)	Plexicor (Australia)	Plastics	£14.2m	Strategic growth sought
GWR (UK)	Prospect (NZ)	Radio	£11.6m	Asia-Pacific debut
Lynx Holdings (UK)	Tesoft (Spain)	Computer services	£6.44m	European platform

### JCI Limited



### H.J. Joel Gold Mining Company Limited

(Registration number 85/01995/06) ("H<sub>2</sub>] Joel" or "the Corepany" 1 reported in the Republic of South A

## TERMS OF THE RIGHTS OFFER

Further to an announcement dated I March 1996, H.J. Joel is to proceed with a rights offer of 164 606 848 new ordinary shares of one cent each to be issued at a subscription price of 250 cents per share on the basis of 84 new ordinary shares for every 100 ordinary shares held in H.J. Joel at the close of business (16:00) on Friday, 15 March 1996 ("the offer"). The proceeds of the offer amounting to R411.5 million (before expenses) will be used to assist in the funding of the capital expenditure associated with the Company's mine plan and to repay existing debt obligations.

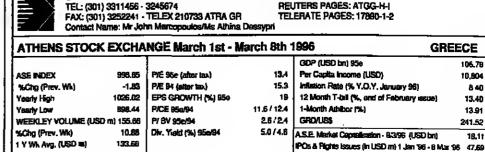
JGI Limited ("JCI") and its subsidiaries, Anglo American Corporation of South Africa Limited ("AAC") and its subsidiaries and Suid Afrikaanse Nasionale Lewensassuransie Maatskappy ("SANLAM") effectively hold 107 986 957. 19 345 474 and 8 667 104 ordinary shares, respectively, of the issued ordinary shares in H.J. Joel. JCl. AAC and SANLAM have undertaken to subscribe for their full confidencests and to procure subscription for the full entidements of their subsidiaries and/or associates in terms of the offer. Subject to certain conditions including, inter also, the approval of the offer by The Johannesburg Stock Exchange ("the JSE"), the balance of the offer will be fully underwritten by JCI and AAC.

Application has been made to the JSE for a listing of the renounceable (nil paid) leners of allocation and for a listing of the new ordinary shares. The offer is conditional upon such listings being granted and upon registration of the appropriate documentation by the Registrar of Companies in South Africa.

On behalf of the Board W A Naim

i F Browning

	TEL: (301) 3311456 - FAX: (301) 3252241 -		REL	ENS STOCK EXCHANGI ITERS PAGES: ATGG-H-I ERATE PAGES: 17880-1-2
THENS	STOCK EXCHA	NGE March 1st - Ma	rch 8th 1	1996
SE INDEX	998.65	P/E 95e (after tax)	13.4	GDP (USD bn) 95e Per Capita Income (USD)



FT GUIDE TO WORLD CURRENCIES The table below gives the latest available roles of exchange (rounded) against four key currencies on Friday, March 8, 1996 . In some cases market rates have been calculated from the

				4400.04	Greece (Dractenet)	389,908	242,380	153,373	229.039	Pakistan (Pak. Rupee)	52,5385	34.4255	23,2040	32,5306
determinant (Addamni)	7249 45	4750.00	3201.67	4488.54	Greece Drackrost	8.7494	5.7330	3.8842	5,4174	Persona (Belbos)	1.5262	1	0.6740	0.9450
uguario a ala	149,339	97.8500	65,9544	92,4640	Greenland (Danish Krons)			1.8199	2.5514	Papus New Gunos (Gray)	2.0785	1.3605	0.9170	1,2656
Roanis (Lek)	81.8210	53.6109	36.1357	· 50.6600	Granada (E Carlo S)	4.1208	2.7000		4.8006		3087.86	2010.00	1354.81	1899.36
Vgera (Dinar)	7,7536	- 5.0805	3,4244	4.8009	Guedeloupe (Local Fr)	7,7538	5.0805	3.4244			3.8010	2.3595	1.5904	2,2296
indorra (French Fr)	7,7530	124,820	84.1332	117.949	Guerr (US \$)	1.6262	1	0.5740	0.9450	Peru (New Sol)			17.6395	24.7295
(Sp Peseta)	190.484		21423.6	30034.5	Gustinonnia (Cultural)	9.4597	6.1952	4.1778	5.8570	Philippines (Pesc)	39.9394	26,1700	17.8335	
	48508.7	31784.0	1,8199	2.5514	Guines (Fr)	1527.62	987,000	672.014	942,121	Plizaim is © Starling)	1	0.6552	0.4416	0.6192
	4.1208	2.7000		0.9447	Guines-Blantau (Peed)	27526.5	18036.0	12158.9	17043.2	(NZ S)	2.2597	1,4802	0.9977	1.3967
(Pane)	1,5258	0.9897	0.8738			211,589	138,900	93,6236	131.254	Poland (Zloty)	3,9253	2.5720	1.7336	2.4304
Addison	614.8750	402.88C	271.558	380,704	Guyanna (Guyannas \$)	211.500	130200			Portugal (Escudo)	234,890	153,910	103,741	145,438
PETROLIS (COMP)		1.7900	1.2055	1.0915	_				15,2868	Puerto Rico (US S)	1.5262	1	0.6740	0.9450
ruba (Florin)	2,7319	1.3016	0.8773	1.2292	Heiti (Gourde)	24.6878	16,1780	10.9032		Lifetio Lega 64	14202		0.04	
ustraio (Aus S)	1.9865	1.3010	7.0326	9.8695	Honduras (Lampira)	15.9335	10.4400	7.0369	9.0654					3.4403
Application of the state of	15.9235	10.4338	2996.00	4200.33	Hondures (Lempira) Hong Kong (PK S)	11.8013	7.7327	5.2121	7,3071	Cleater (Filyet) Reunion Is. de la. (F/Fr)	5.5566	3.6407	2 4540	
Manual Manual	6783,960	4445.00	2000.00	145,436		217.324	142,400	95.9827	134,562		7-7536	5.0805	3.4244	4.8000
Carpetan (Septemb	234,860	163,910	103.741	143,430	Hungary g-onno					Romania (Lau)	4578.60	3000.00	2022,11	2634,87
Lares (Por Escucio)					tealand (feelandic Krons)	101.355	86.4100	44.7627	62,7546	Russia (Rouble)	7378.85m	4833.50	3257.95	4567.45
	1.5262	1	0.5740	0.9450			34.0550	22,9543	32,1805	Reserves (Fr)	335.764	220,000	148,288	207.890
Laternes (Bahama S)		0.3770	0.2541	0.3602	India (Indian Rupes)	61.9731	2323.50	1566.12	2196.61	7.7				
	0.5754	124.820	84.1332	117.849	Indonesia (Ropieto)	3545.01			2130.01	St Christopher (E Carlo S)	4.1208	2,7000	1.8199	2.5514
Interior is (Sp Peseus)	190,494	124.020	27.2985	38.2707	iran (Pint	4578.60u	3000.00	2022.11	2834.87		7.1200	0.6552	0.4416	0.6192
	61,8097	40.5000	27.2500	1,9006	traq (treqi Diner)	0.47450	0.3109	0.2086	0.2938	St Helena (2)				0.0136
'ingladesh	3.0097	2.0113	1.3557			1525.20m	1000.00	674.036	944,950	Silucia (E Carto S)	4.1208	2.7000	1.8199	2.5514
Ingladesh (Barb 9	18586.80	12185.0	8213.13	11514.8		0.9730	0.8376	0.4297	0.6025	St Plems (French Fr)	7.7536	5.0905	3.4244	4.8009
A TANKS OF THE PARTY OF THE PAR		30.5100	20.6648	28.8308	than Plap (Pure)	4,7364	3.1035	2.0919	2.9327	St Vincent (E Carlo S)	4.1208	2.7000	1.6199	2.5514
	46.5528	2,0000	1,3481	1.9889	tyrani (Shakat)		3.1033	1053.01	1475.26	San Marino States Lina	2304 23	1562.25	1053.01	1476.26
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- con (Noticemo)	7.6461	5.0100	3.3769	4,7342		1.0821	0.7090	0,4779	0.8700	Seycheline (Parpee)	7,4479	4.8900	3.2693	4 6114
		3.0030	2,0241	2,8377	Jordan (Jordanian Dinar)	1.000				Sierra Leone (Leone)	1358.32	890.000	699.892	841,011
(D) (3)	4.5831	0.9636	0.6650	0.9295			85.2850	44.0045	61,6915	Singapore (5)	2.1498	1.4085	0.9494	0726.1
Casteria (Best)	1,5011		0.9494	1.3310	Kezekhezen (Tenge)	99.8380	58,5000	39,4311	55,2800	Slovekty (Korura)	46.0532	30,1760	20.3397	28.5150
	2,1496	1.4085	64 6060	72,7522	Kazakhazan (Tenge) Kenya Shillingi	89.2027			33.2000		203,866	133.576	90.0361	126.225
Bullion of	117,502	75.9900	51.8940	480,085	Kenya (Kenya Shilling) Kirsadi (Australian S)	1.9865	1.3016	0.6773	1.2299			3.5088	2,3651	3.8157
LEV/	775 360	508.050	342,444	5,4898	Kores North (Worl)	3.2513	2.1500	1.4402	2.0317	Solomon is (5)	5.3552			
Arking F350 (CFA F4)	110 000	5.8198	3,9229	5,4000		1188.51	777.A50	524,029	734.656	Screen Rep (Shaling)	3996.84	2620.00	1765.97	2475,79
Acres (Court)	8.8823	250,020	174.589	244,763	Later product	0.4587	0.2993	0.2017	0.2628	South Africa (Fland)	5.9940	3.9275	2.6473	3.7113
	395.317	258,020			Kriskapt Oktobera Haraca	0,4501	-			Spain (Pesets)	190,484	124.820	B4.1332	117.949
provide (Burundi Fri)			1650.28	2173,40			820,000	620.113	869,360	Spenish Ports to N Airica				
	3610.26	2900.00	1000.20	480.085	(qD) weld) and	1404.10				(En Possita)	190 494	124.820	84.1332	117,949
(Fiel)	775.360	508.050	342.444		Latvia (Late)	0.8287	0.5430	0.3680	0.5131	feb saperi	100 404	154.050	O4. 1002	111,040
TECH! (CFA Fr)		1.3668	0.9213	1.2916	Section 1	2421.24	1586.50	1069.36	1499.17					
Time con	2.0859	124.820	64.1332	117.849		5.9940	3.8276	2.6473	3.7113	Şri Lenke (Aupee)	61.8314	53.6650	36.1856	50.7300
	190.494		55,9248	78.4030		1,5262	1	0.6740	0.9450	Şri Lenke (Ruped) Suden Rep (Diner)	132,018	88.5000	58,3041	61,7387
	126,629	82,9700	0.5737	0.8043	Liberia (Liberian S)		0.3565	0.2396	0.3359	Surinem (Guilder)	625,742	410,000	278.366	367.432
o V Escuso	1.2990	0,6511		480.085	Libyth (Libyten Olmer)	0.5426				Sweziland (Likepent)		3.9275	2.6473	3.7113
		508.050	342.444	480.065	Liechtenstein (Swits Fr)	1.8367	1.2035	0.8112	1.1973		5.9940	6.8073	4.5884	6.4326
Dyman B	775,360	508.050	342,444			6.1048	4.0000	2.6662	3.7796	Sweden (Krone)				0.4320
ort. At Rep (CFA Fr)	775.360	411.000	277.029	388.377	Cinician	48.5828	30.5100	20.5848	28.8306	Switzeriend (Fr)	1.8367	1.2036	0.8112	1.1373
	627,348	411.000	5.6106	7.8657	Lipsembourg (Lips Fr)					Swrite (5)	64.0241	41.9900	28.2758	39.6409
Part In the Party Indian	12,7035	6.3239	702.649	985.070	Present.	12.1905	7.9875	5,3836	7,5478	Byrie (S) Talwen (S)	41.9684	27,4995	18,5357	25.9858
(Yuan)	1590.94	1042.45	105.010	350,334	Mageo (Pataca)		38,1000	25.6808	36.0028	Tanzania (Shilling)	619.570	537.000	361.957	507,442
tona (Col Pesc)	1390.5	380.285	266.312	480,085	Marcochoria (Donar)	56.1482	38,1000	23.0000			38.4895	25,2200	15.9982	23,8316
(Fr)	580,361	506,050	342,444		Machiner 949 Fr)	5848.94	3700.00	2493.93	3496.34					
	775.360	200.000	134.780	188.954	Madeira (Port Escudo)	234,890 .	153.910	103.741	145,438	Togo Rep (CFA Fr)	775.360	508.050	342,444	48Q.D\$5
	305.179	199.960	942 444	480.085		23,4272	15,2500	10.3465	14,5051	Tonga is (Pa'enge)	1_9865	1.3016	0.8773	1.2299
	775.360	508 OSO	3.0964	5.1821	Malant (Karacha)	3,8795	2,5420	1.7134	2,4021	Trinidad/Tobago (5)	8.7261	5.7175	3.8636	5.4028
CONTRACTOR CO.	110.000	5,4840		0.8450	Mental mental					Tunes (Diner)	1.4677	0.9617	0.6482	0.9087
re c'home (hune)	8.3696	1	0.6740	0.4418	Moleycia (Firegrit) Malcivo is (Firegrit)	17,9834	11.7700	7.9334	11.1221		103856.1		457BD.5	64151.4
	1,5262	0.4675	0.3151		Mad Fied (CFA Fr)	775.360	508,050	342.444	480.085			67920.0		
/CHARLE POOL	0 7135		18.3810	25.7690		0.5483	0.3583	0.2422	0.2365	Turies & Casicos (US S)	1.5262	1	0.6740	0.9450
Communic ()		27.2700	3.8642	5,4174	Marie 1	7.7536	5.0905	3.4244	4.8009	Tuvetu (Australium S)	1,3865	1.3016	0.8773	1.2299
	41.6181	5.7330		151.193	Martingue (LDCsi Fr)	131 339								
Per Her	6 7494	160.000	107.546		Mauritanie (Ougulye) Meuritius (Meur Rupes)	209.547	137.800	92.5452	129.743		1533.83	4000.00		040.004
	244.192	100000	1,8199	2.5514	Meuritius (Meur Pupee)	26.6611	16.7800	12.8684	17.7463	Liganda (New Shilling)		1005.00	577.40¢	949.681
(D)(0) (1)	4 1208	2,7000	9.3219	13,9588		11,5911	7.5950	5,1193	7.1769	Ultraine (Kartoovanets)	290435.9	190300.0	128259.1	179826.2
	4 1200	13.5300		2837.23	MESTA PROPERTY	7.7536	5.0805	3,4244	4.8009	UAE (Dirham)	5.8092	3,6728	2,4758	3,4706
	21.1074	3000.50	2023.79	2721.47	Microsion. (Local Pr)						1	0.6552	0.4416	0.6192
	460° E'D		1941.22		Moldovill (Leu)	6.9748	4,5700	3.0664	4.3185	Linited Kingdom (17)		0.0002		
	ASSE ACC	2880.00	2.2907	3,2114		7.7636	5.0805	3,4244	4.8009	United States (US S)	1.5262	1	0.6740	0.9450
custor (Sucre)	4395.468	3,3985		8.2778		712.232	465,670	314.562	440.983	Uniquely (Peso Liruguayo)	11.2786	7.3900	4.9511	6.9832
	5,1968	8,7600	5,9045	480.085	Mongolin (Tugris)						172,036	112,725	75.9807	106.520
(Egypten S)	13,3695		342,444	400.003	Mortestrat (E Carto 3)	4.1208	2,7000	1.8199	2.5514		72.000	122		
1200ml	10,000	508.050	7.9739	11.1788	Manageria	13.2264	8.6882	5.8413	8.1882	Vatican (Lire)	2384,23	1562.25	1053.01	1476.26
	775.380	11.8300		5,4808		15108.4	9900.00	8672.96	9355.07	Vanezuela (Bolivar)	442,0280	269.625	195.218	273.883
	18.0550	5,8000	5.9094		Macampique (Metical)					Venezusia (Bokvaz)(2)	771.011m	505.200	340,523	477.392
(Kroon)	g 8520	5,0,00			-									
none (Friedrich Bert)	0.00		0.4416	0,6192	Mornible (S A Rand)	5,8940	3.9275	26473	3.7113	Vigitam (Dong)	16807.9	11012.5	7 <i>422.82</i>	10406.3
LODG (ERADDRA) co	_	0.6652	0.4410	5,4174		1.9965	1,3016	0.8773	1.2299	Virgin le-British (USS)	1.5262	1	0.6740	0.9450
	1	0.000	3,8642	1,3385	Nauru is (Australian 3)				54.0988	Virgin is-US (USS)	1.5262	i	0.6740	0.9450
, , , , , , , , , , , , , , , , , , ,	6 7494	5,7330	0.9547		Manual Management Papers	87.3750	<b>67.2500</b>	38.5886		ARBEI ES-CO. 100 st			0.0140	
Later 15 (Figure 15 (F	0 (454	1.4165	3.1091	4.3587	Guicleri	2.5351	1.5811	1.1198	1.5697					
	<b>= 1618</b>	4,6128	3.100	4,8009		2,7319	1.7900	1.2065	1.6915	Western Samoo (Tala)	3.8560	2,5265	1,7030	2.3874
20 m - 1740 42	7.0395	4,014	3.4 <u>2</u> 44	480,085						Yemen (Rep of) (Ref)	213,668r	140,000	94.3651	132,294
milaness. E in	7576	5.0805	207 444		Technol (VL 3)	2.2592	1.4802	. 0.9977	1.3967					
rusted (Fr)	7,7536	E01.050	2014	4,5008	late trum.	124118	6.1225	5.4816	7.6849	Yugoslavin (New Dense)	7.4535	4.8857	32916	4.6149
	775 360	5.0805	3.4244	87.1112		775,380	508,050	342.444	480.085	Zaire Rep (Zaire)	30371,4	19900.0	12413.3	18804.6
rance ICFA Fri	7536	5,000	en 1383	480.085		33.57640	22,0000			Zambia (Kwacha)	1686.45	1105.00	744.810	1044.16
S C. J. Martinetta		92 185 1	342.444		A Constitution (Princeton)			14.8298	20.7090					
CFP Fr	140.693	508.050	5.6393	9.3078	- hand	130.257m	<b>85.3800</b>	67.5290	80.6520	Zimbabwe (A)	14.4722	9.4625	<b>6.3916</b>	8,9608
	775,360	9,8500	PPIPE	1,4019	Alexander (Nor. Krone)	9,5430	6.4496	4.3473	6.0048					
Tacitie to ICFA Fri	15 0331	3,00,00	1	1455.23	Violentia della Carretti	0.5878	0.3990	0.2505	0.3638					

ther the cash nor the funda-mentals to rebound with," says

Mr Peter Kurz of Barings.

Domestic credit outstanding

It is tempting to draw a com-

Taiwan, property prices have fallen less anarply than those in Japan. Since buyers are less

heavily indebted, the risks banks have taken are smaller.

The strains facing the bank-

ing system may, therefore, be

more manageabla than those facing Japan. Still, weak loan

growth calls for further mone

tary relaxation, which may be

difficult to implement with the

Some economists feel the

risk of devaluation may be

growing. Reserves have fallen

by \$10bn to \$90bn since last

large cushion because it has no IMF membarship. At some point it might decide devalua-

tion is the only way to resolve

Analysts and fund managers

say the market's upside is lim-

ited till liquidity returns.

National Investment's Ms Miao says she prefers to be selective

bnt there is some valua in

smaller capitalisation growth

stocks, Mr Joseph Chou, her

colleague, says bill finance

companies are heavily geared

In contrast, Mr James Hsu of

**Fubon Securities Investment** 

Trust prefers liquid blue chip

companies outside the elec-

tronics sector but the market

will always be volatile, he says.

because many of its companies

are dependent on highly cycli-

Part of the art is to watch

the cycle, and part is to watch money market liquidity. In the

absence of that, not even last

month's relaxation of restric-

tions on foreign purchases of

Taiwanese stocks is likely to

make much difference.

to an eventual drop in rates.

currency under pressure.

the lunar new year.

# Chinese cloud over Taiwan stocks

hammering last week from news of Chinese missile tests in waters just off China's two largest ports. But by Friday, when the first missiles actually fell, a more positive tone had crept into trading. The Talex index rose 54.35 points to 4,805.9, adding a further 4.42 points on Saturday.

Whether this marks the start of a sustained rally is open to doubt. The immediate cause of the recovery was buying from the government's NT\$200bn stabilisation fund together with a modest relaxation of central bank reserve requirements. The latter should free up some funds for banks to lend to first-time home buyers.

That may help offset the missile fright, but the scenario on which many investors had been working until last week has now been thrown into question. The hope had been that the Presidential election on March 23 would see an end to tension with China. The capital which left the country after the first missile tests last July would start to flow back

and the market would revive. But there is a growing con-viction that China will not abandon its hard line in the short term. Central bank intervention to hold the Taiwan currancy at its floor of NT\$27.50 suggests a further drain on liquidity. If that continues, the market will have a long wait for a serious boost.

The corporate sector is in the doldrums. A sharp fall in the price of semiconductors is likely to affect electronics sector profits and the financial sector is suffering from weakness in the property market and bad debts in the banking system, which total some 3 per cent of average loan books. So, even though the market has fallen sharply since its high of

7,051 at the start of 1995, equities do not look cheap. Ms Ellen Miao of National Investment Trust says earnings are likely to grow by a modest 9 per cent or so this year, putting the market on a prospective P/E of 16. Mr Thomas Chien of James

the range of 9 to 12. They could drop further as earnings expectations for electronics companies are revised downwards. Share prices are not expensive, he says, but nor are they particularly attractive compared with other markets.

Capel says prospective multi-ples on blue chips are lower, in

parison with the asset bubble in Japan. The consequences of Most analyats are now that for the stock market and looking for a sustained recovery only in the second half of the banking system have been the year, and many expect the rocky ride to continue as the dire. But says Mr Sean Chen, director general of the finance ministry's Bureau of Monetary political situation remains tense. That is a reflection of Affairs, there are a number of tightening liquidity in reasons why Taiwan's case is response to the capital out-flow and of a lack of confidence. Although there are 800,000 empty housing units in

The share market has nei-

### Polish brewer's issue plan sparks row

Poland's Securities Commission has approved a new share issue by Okocim, one of the country's two listed breweries, despite charges that the capital increase is designed to dilute a 25 per cent strategic stake held by Brau und Brunnen, Germany's largest brewer, writes Christopher Bobinski in Warsaw.

Bran und Brunnen, which has held the stake for two years, is going to court to have the shareholder meeting's decision on the issue of between 3.6m and 10m shares annulled. Mr Michael Brendscheidt, bead of Bran und Brunnen, says he was misled by Okocim, which asked him to waive B&B's rights to a quarter of the new issue on the understanding that the stake would be reserved for the company, anyway. "They said it would speed up the issue" Mr Brendscheidt says. Okocim is resisting a demand by Bran und Brunnen to call a new share holders meeting.

Okocim last year controlled 9.3 per cent of the domestic beer market and reported a 14.1m zloty (\$5.5m) net profit, which it

Bran und Brunnen, which fears its holding could be reduced to
14 per cent as a result of the issue, says it will purchase shares
on the stock market to restore its stake if necessary.

Index	6/3/96	Week on week	Percent	Month on month Actual	movement Percent	Year to date Actual	Percer
World (395)	152,77	-1.20	-0.78	-7.90	-4,91	+5.21	+3.5
Latin America							
Argentina (22)	92.53	+4.08	+4.61	-7.29	-7.30	-0.25	-0.2
3razil (23)	200.93	-8.16	=3.90	-22.52	-10.08	+14.90	+8.
Chile (16)	178.58	-3.72	-2.04	-8.74	-4.66	-17.09	-8.3
Colombia (14)	162.41	-7.24	-4.27	-7.16	-4.22	-1.83	-7.
Viexico (23)	74.69	-0.14	-0.10	-5.59	-6.96	+1.10	+1/
Peru(14)	1,048.82	-30.35	-2.81	-133.99	-11.33	-20.13	-1.
Letin America (112) .	125.30	-1.92	-1.51	-11.10	-8.13	+2.16	+1.
Europe							
Greece (18)	109.93	-2.34	-2.09	+4.07	+3.84	+11.96	+12
ortugal (20)	125.13	-1.17	-0.92	-0.52	-0.41	+8.67	+7.
Turkey (26)	110.96	-3.31	-2.90	+5.98	+5.69	+28.16	+34.
South Africa (32)	155.09	-1.02	-0.65	-15.81	<b>-9.2</b> 5	+1.71	+1.
rucobe (96)	127,05	-1,23	-0.96	-8,79	-8.47	+5.52	+4.
lain .							
China (24)	48.04	+0.02	+0.05	-0.54	-1.11	+7.72	+19.
ndonesia (32)	144.78	-7.23	-4.76	-13.23	-8.37	+6.14	+4.
Corea (23)	132-28	+1,09	+0.83	-4.98	-3.63	-4.62	-3.
Malaysia (24)	250.56	+6.46	+2.64	+9.76	+4.06	+23.19	+10.
akistan (14)	88.42	-0.19	-0.21	+2.06	+2.39	+14.82	+20.
hilippines (14)	292.29	-6.37	-2.13	+1.73	+0.60	+33.13	+12.
hallend (25)	257.99	-0.82	-0.32	-17,34	-6,30	+6.10	+2
alwan (31)	124.04	-1.08	-0.86	+3.26	+2.70	-6.78	-6.1
sla (187)	212.53	-0.13	-0.06	-2.36	-1.10	+8.48	+4.5

**DERIVATIVES** By Samer Iskandar

# **Exchanges** face challenge of a fell 0.35 per cent in February, though weakness in loan demand was also influenced by

would undoubtedly be the most important challenge facing European derivatives exchanges in coming years, as convergence of economic and monetary policies would lead to lower interest rate and exchange rate volatility.

And the threat of lower trading volumes eating into exchanges' revenues could lead to cut-throat competition for a larger share of the remaining

The Matif, the Franch futures market, is aware that some of its foreign exchange options are ultimately condemned. Assuming national currencies were effectively replaced by the euro on January 1 1999, options on D-Mark/S and FFr/\$ parities would give way to a single euro/\$ product and the D-Mark/FFr option would have to be scrapped.

Depending on the final con-vergence timetable, the Matif's D-Mark/f and D-Mark/Italian lira contracts would eventually have to be abandoned as well. Matif officials are well aware of the mounting pressure and are working on strategies to compensate for the business the exchange is bound to lose.

They are not eager to discuss these plans, but a new currency product could be in the pipeline, possibly a yen-related option. Also, rumours have recently circulated in Paris, of the imminent launch by the Matif of a currency future.

What Matif executives have said is that they believe there is room for just one leading European exchange for currency derivatives, and that this position is up for grabs.

Hopes are high that combin-

ing the volumes of D-Mark/\$ and FFr/\$ transactions could make the euro/\$ contract particularly liquid, and help lay the foundations for a large European currency-derivatives exchange.

The Matif's high hopes for its transatlantic products were further reflected in its decision, last Friday, to create new "semi-strike prices" on D-Mark/\$ and FFr/\$ options, effectively doubling the num-ber of contracts listed and offering additional flexibility.

The flercest battle will be fought over short-term interest rate futures and options. Indeed, if European monetary union proceeds as planned, the underlying rates for these instruments will be abandoned in favour of a single rate of reference for the euro.

However, each exchange cur-rently lists at least one contract on three-month rates -Pibor in Paris, Fibor in Frankfurt, euromark and short sterling in London – while experience shows that similar contracts can rarely co-exist: the first one out usually keeps the lead, as was the case when the DTB, the German futures exchange that is part of the Deutsche Börse, tried to introduce its Fibor contract to compete with Liffe's highly-successful euromark future.

Short-rate futures are never theless vital products for the exchanges that list them. In 1995, Pibor futures were the second most actively traded products on the Matif, accounting for almost a quarter of total volume.

On Liffe, euromark and short sterling futures and their related options accounted for 36 per cent of total trading in February 1996.

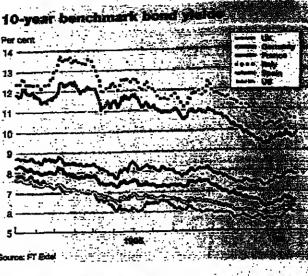
Liffe officials believe they are ahead of other exchanges, pointing out that the December 1998 euromark future shows open interest of over 11,000 lots, as opposed to less than 2,000 lots for the same maturity of the Matif's Pibor con-

Mr John Foyle, deputy chief executive of Liffe, expects this situation to be maintained on the next contract month, which is due to expire in March 1999, in what could be a

single currency environment. Other exchanges do not fear any loss of business, and some even hope to benefit from European monetary union. The DTB is one of those, Its

three-month Fibor future has never lived up to expectations and accounts for less than 1 per cent of total volume. So losing it would barely affect

Frankfurt-based exchange's hopes lie elsewhere. According to a Deutsche Börse



Discount 5.19

spokesman, efforts will be concentrated on making the successors to bund and Bobl futures benchmarks for exchange-traded derivatives on medium and long-term interest rates on the single European

currency.
Also, the DTB relies heavily on equity-related contracts, and "these are traditionally immune to international competition", said the spokesman.

Incidentally, equity-related products are the cornerstone of the current negotiations between the DTB and the Matif, and the two markets are expected to disclose further intentions of co-operation in

An official of Monep, the French market where equity and index options are traded agrees that "options on individual stocks are a protected domestic market". She expects Monep to benefit from Emu. perhaps in the form of new options on European share

But considering that such attempts have been made before by other markets, and always unsuccessfully, any decision by Monep to launch a cross-border product could only be a medium to long-term

European exchanges are not alone in facing uncertainty over Emu. In the US, the Chicago Mercantile Exchange's International Monetary Market and the Philadelphia Stock

BUILDERS

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AUSTRALIAN DOLLARS

LLIXENBOURG FRANCS

Deutsche Finance Nethels) City of Copenhagen Oeresundskonsorliet

Exchange both list European currency-related derivatives.
Chicago's IMM trades a number of futures contracts on par ities of the dollar against major European currencies and cross-

rates, as well as options on IMM executives have chosen a gradual approach to Emu and will substitute the curo for national currencles in its products on a case-by-case besix as countries individually adopt the euro.

A new \$/euro contract is likely to be much more actively traded than each existing contract taken separately, but IMM officials admit that total volumes will almost certainly fall.

However, Mr Norman Mains, the IMM's head of research and chief economist, feels no urgency as he is "not convinced that monatary union will happen" ... at least, almost certainly not in 1999. This is an opinion he shares with Mr Joseph Rizzello, executive vice-president of the Philadelphia Stock Exchange.

The IMM is even in the process of launching new futures contracts on cross-rates for D-Marks against Italian lire, Swedish crowns and Spanish

In the longer run, the Chica-go-based market intends to cre-ate additional futures on the rates of exchange of these three European "high-yielding currencies" against the dollar.

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### Notice of Early Redemption to the Holders of



**Guangdong Investment Limited** 

U.S. \$102,000,000 4½ per cent. Convertible Bonds due 1998

(ourstanding amount of unconverted Bonds as at 1st March, 1996 approximately U.S. \$18,964,000)

NOTICE IS HEREBY GIVEN that in accordance with Condition 8 (b) of the terms and conditions of the Bonds, the Company will redeem all outstanding Bonds at 103 per cent. of their principal amount together with accrued interest amounting to U.S. \$1.056 per Bond on 3rd May, 1996 (the "Redcontion Date") when interest on the Bonds will cease to accrue. Consequently on 3rd May, 1996, an amount of U.S. \$1,056 will become due and payable in respect of each outstanding Bond.

The conversion price of the Bonds as at the date of this Notice is HK \$3.84 per ordinary share of HK \$0.50 each in the capital of the Company ("Share"). The closing price of the Shares (as derived from the Daily Quotation Sheet of the Stock Exchange of Hong Kong Limited) as at ist March, 1996 (being the latest practicable date prior to the publication of this notice) was HK \$5.05 per Share.

The certificates for the Bonds ("Certificates") should be presented at the office of any of the Paying and Conversion Agents listed below for redemption. Payments will only be made upon surrender of the relevant Certificates. Bondholders are reminded that Bonds remain convertible up to and including the 26th April, 1996, being the fifth day prior to the

Notice of conversion together with the Certificates should be delithe office of any Paying and Conversion Agent listed below

> Principal Paying and Conversion Agent Bankers Trust Company 4 Albany Street New York NY 10006 USA

Paying and Conversion Agents Bankers Trust Company P.O. Box 807 ulevard F.D. Roosevelt 1 Appold Street L-2450 Luxembourg London FC2A 2HE

Guangdong Investment Limited Dated the 11th day of March, 1996, Hong Kong.

### An important announcement to our stockholders:

Copies of the 1995 Annual Report of Citicorp can now be obtained from:-

Citibank, N.A., 336 Strand, London WC2R 1HB.

Postal applications should be addressed for the attention of Sonia Gordon, Corporate Affairs.

### CITICORPO

Citicorp. 399 Park Avenue, New York, New York 10043 Incorporated in the State of Delaware

# USD 10,000,000,000 EURO MEDIUM TERM NOTE PROGRAMME OF SOCIETE GENERALE, SGA SOCIETE GENERALE ACCEPTANCE N.V. AND SOCIETE GENERALE AUSTRALIA LIMITED

SERIE N° 123 SGA SOCIETE GENERALE ACCEPTANCE N.V. FRF 1,000,000,000 FLOATING RATE NOTES DUE SEPTEMBER 1997 ISIN CODE : XS0052643755 Notice is hereby given to the Noteholders that, pursuant to the Terms and Conditions of the Notes, the rate applicable to the period from December 8th, 1995 to March 8th, 1996 has been fixed at 6,50781 % P.A.

Next payment date: March 8th, 1996
Coupon nr: 6
FRF 1.645.03 per Note in the denomination of FRF 1,000,000
FRF 16,450.30 per Note in the denomination of FRF 1,000,000 The Principal Paying Agent
SOCIETE GENERALE BANK & TRUST - LUXEMBOURG

### DONG AH CONSTRUCTION INDUSTRIAL CO., LTD US \$ 100,000,000 **FLOATING RATE NOTES 1997**

Notice is hereby given that, in accordance with the provisions of the above mentioned Floating Rate Notes, the rate of interest for the six months period from March 8, 1996 to September 9, 1996 (185 days) has been fixed at

The Lateral product on September 1700 will be 15.5 29 of in espect of each US \$ 10,000 Note and USS 7,274.74 in respect of each US \$ 250,000 Note.

BANQUE INTERNATIONALE BLUT

# NEW INTERNATIONAL BOND ISSUES US DOLLARS | Section | Sect

200 Mer 2003 6.375 99.58R 6.450 455(7)-70-03) DG Beak 300 Apr 1999 4.25 99.58R 4.319 41257-75-99) ABM Anno-Goldman 4.550 bef/76-99) Socion Frankfurt 250 Dec 1999 4.25 99.58R 4.550 bef/76-99) URS Germany 750 Apr 2003 (g) 99.74R 4.384 414(5)-76-99) URS Germany CSFB/Deutsche MG | Apparlia Hunda Finence | 10km | Mer 1989 | 1.96 | 100.125 | 1.977 | AP | Morque Sociation | Republic of italy(s) + | 150m | Mar 2008 | 3.80 | 100.00 | 3.800 +19(5.7%-06) | Delve Europe | Swedish Export Credit+ | 10km | Mar 2026 | (c) | 100.30 | - | Delve Europe | Delve Euro

| PFS of Americal(c) | 200 Oct 1999 | 3.25 | 102.15 | 5so El Int(Caynum Isi(t) ★ 114.2 | Mar 1999 | 0.125 | 101.50 | WestU.S Frience(s) ★ 100 Oct 1999 | 3.50 | 102.30 | Province of Onterio(t) | 250 Jun 2001 | 4.00 | 103.20 | STERUMS

Lloyds TSB Group FRENCH FRANCS 1bn Apr 2006 6.625 99.511R 6.694

ODAKYU ELECTRIC RAILWAY CO., LTD. (the "Company")

¥20,000,000,000 11/2 per cent. Convertible Bonds due 1998 (the "Bonds")

Notice to the Holders of

"Adjustment of the Conversion Price"

NOTICE IS HEREBY GIVEN that the Board of Directors of the Company, at its meeting held on February 23, 1996, resolved to make a Stock Split (Free Share Distribution) at the ratio of 1.03 for 1 to the Shareholders of record as at March 31, 1996.

In connection with the Stock Split, the Conversion Price of the Bonds has been adjusted as follows: Conversion Price before adjustment: Yen 828.0 per Share

Conversion Price after adjustment: Yen 803.9 per Share Effective date of the adjustment: April 1,1996 (Japan time)

> March 11, 1996. The Industrial Bank of Japan, Limited as Disbursement Agent on behalf of ODAKYU ELECTRIC RAILWAY CO., LITD.

### THE TOP OPPORTUNITIES SECTION

For senior management positions. For information please contact:

> **Robert Hunt** +44 0171 873 4095

Properties of the price of the properties of the properties of the properties of the properties of the price Notice to the Holders of the Warrants to Subscribe for Shares of Common Stock of

2hn Dec 2002 6.00 102.36 5.58 2hn Apr 2006 8.625 102.30 8.308 2hn Apr 2004 6.375 102.35 6.000

150bq Fab 2001 10.00 103.161 9.156

KISSEI PHARMACEUTICAL CO., LTD. (the "Company")

> Issued in conjunction with U.S.\$100,000,000 11/2 per cent. Bonds 1996 (the "1996 Warrants") and

U.S.\$100,000,000 13/a per cent. Bonds 1998 (the "1998 Warrants")

ADJUSTMENT OF SUBSCRIPTION PRICES

NOTICE IS HEREBY GIVEN pursuant to Conditions 7 and 11 of the Terms and Conditions of the Warrants in relation to the 1996 Warrants and 1998 Warrants, respectively, that the Board of Directors of the Company passed a resolution on 27th February, 1996 to make a stock split of shares of its common stock effective as 6 20th May, 1996 in the form of the free share distribution to the shareholders of the Company of meaning as 21th May 1996. the shareholders of the Company of record on 31st March, 1996 (Japan Time) in the ratio of 0.1 new share for each one share beld. As a result of such stock split, the Subscription Prices at which shares are issuable upon exercise of the 1996 Warrants and 1996 Warrants will be adjusted as follows:

(1) The 1996 Warrants Before adjustment: After adjustment

¥3,181.10 per Share Y2,891.90 per Share (2) The 1998 Warrants Before adjustment:

Y4.905.00 per Share After adjustment ¥4,459.10 per Share Such adjustment to the Subscription Prices shall be effective as of 1st April, 1996 (Japan Time).

IBJ Schroder Bank & Trust Company The Fuji Bank and Trust Company on behalf of: Kissei Pharmaceutical Co., Ltd. Dated: 11th March, 1996.

# U.S. \$200,000,000

NATIONAL BANK OF CANADA Floating Rate Notes due 1998

In accordance with the provisions of the Notes, notice is hereby given that the Rate of Interest for the three month period ending 10th June, 1996 has been fixed at 5,39297% per annum. The interest month 5.39297% per annum. The interest accruing for such three month period will be U.S. \$14.08. per U.S. \$10,000 Bearer Nore. and U.S. \$1,408.16 per U.S. \$100,000 Bearer Note, on 10th June, 1996 against presentation of Coupon No. 5. Union Bank of Switzerland London Branch Agent Bank 6th March, 1996

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### £100,000,000

Floating Rate Notes due 1998 Frosting Hate Notes due 1996
For the 3 month interest Period March 7, 1996 to June 7, 1996 the Rate of Interest has been set at 6.25 per cent. per armum with interest Amounts of 2157:10 end 21,571.04 payable per 210,000 and 2100,000 Notes respectively. The relevant Interest Payment Oate is June 7, 1996.

March 11, 1996

ANGLO IRISH BANKCORP Anglo Irish Bank Corporation plc (ncorporated in heliand under the Co Acts, 1963 to 1990, Registered marries

By: The Chape Manighton Bank, H.A. Agest Sank CHASE

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BOARD MEETINGS: Finals: **Automated Security** British Vita DRS Data & Research Fairey Forward Technology Hiscox Select Insurance Laporte Lopex vierchants Tst Partco Pentland Persimmon RPS Refuge Roxboro Rugby Spandex Spirax-Sarco Suter

Cortecs in DCS Domestic & General Kleinwort Development Fd Redrow TOMORROW COMPANY MEETINGS: Shani, Marriott Hotel, 10, Grosvenor Square, W., 12.00 Witan Inv, Old Horticultural Hall, Vincent Square, S.W., BOARD MEETINGS:

Interime

Finals:

Beradin

Billam

Britton CMG Calderburn Capital Christies Int Cordiant Crestacare Dunedin Inc Growth Delta

Expamet Int Fidelity Japanese Values Hoffiday Chemical Huntingdon Int Kalon M & G inc inv Tst Pacific Assets Tst Parity Prudentia Record

Williams Hidgs Interims: **Everest Foods** M & G Recovery Inv Tst **Pochina** Thorntons **■ WEDNESDAY MARCH 13** 

COMPANY MEETINGS: Gartmore British Inc & Growth Tst, 16-18, Monument Street, E.C., 2.30 London Scottish Bank, St James's Club, Charlotte Street, Manchester, 12.00 BOARD MEETINGS: Baynes (Charles)

Brent Int Church English China Clays Haden MacLellan Heywood Williams JIB 4 Lambert Howarth

AND THE PERSON OF THE PERSON O

THE WEEK AHEAD

Radius Reed Int Rosebys Schroders Tilbury Douglas Waste Recycling Interims:

Shires Pharmaceuticals THURSDAY MARCH 14 COMPANY MEETINGS: Loades, Sheraton Skyline Hotel, Bath Road, Hayes, Lookers, Lancashire County Cricket Club, Old Trafford, Manchester, 12.00

**BOARD MEETINGS:** Finals: Anglo Aerican Ind BTR Biotrace Bostrom British Mohair Coats Viyella **CU Environmental** Davis Service Emess Exco Legal & General

United Biscuits Watmoughs Wood (Arthur) Interims: **BZW Endowment Fd** F & C High Inc Tst Logica Sirdar

FRIDAY MARCH 15 COMPANY MEETINGS: Alexanders Hidgs, 7-10, Old Park Lane, W., 12.00 Central Motor Auctions, Auction Centre, Pontefract Road, Rothwell, Leeds, 11.00 Eurocamp, Cottons Hotel, Manchester Road, Knutsford, Cheshire, 2.30 Johnson Fry Second Utilities Tst, 20, Regent Street, S.W., BOARD MEETINGS: Finals:

Aspen Comms Molins Mowlem (J) Репту Wembley Walker (Thomas)

Company meetings are annual general meetings unless otherwise stated. Please note: Reports and accounts are not normally available until approximately six weeks after the board meeting to approve the preliminary results.

### **DIVIDEND & INTEREST PAYMENTS**

Argyll 81/6% Bd 2000 £81.25 Exxon \$0.75 Fuji Bank Int Fin Perp Sb FRN \$16705.05 Grace (WR) \$0.125 Kubota FRN 1997 Y20498.0 Lilly (Eii) \$0.3425 Quality Care Homes 3.3p Bockwell \$0.29 Smith (David S) 2.45p Sumitomo Heavy FRN 1998 Y22395.0 Tokai Barık Nederland Fitg/Fxd Rate Gtd Nts 2004 \$32229.17 Treasury Fitg Rate 1999 £1,5769

TOMORROW Bankemerica \$0.54 Challenge Bank FRN 1997 \$15.74 Full Bank Int Fin 85/696 Sb Gtd Ireland Res Sec Home Mortgages (No 1) Class A1 FRN 2025 IRE1442,42 Japan Airlines 7% Bd 1996 Y7000000.0 Kuela Lumpur Kepong M\$0.20 Marubeni Int Fin Ver Rate Bd 1996 Y645000.0 Monsanto \$0.69 Rensomes Cm Cv Pf 4,125p. Sapporo Breweries FRN 1997 Sotheby's Class A Lim/Vtg \$0.08 Tenneco \$0.45

■ WEDNESDAY MARCH 13 Ashanti Goldfields \$0.25 GHOB 12%% Gtd Sec Bd 2015 S126.25
General Motors Acceptance
91/4% Nts Mar 1996 \$456.25
Gold Fleids Property R0.40
Hydro-Quebec 121/4% Ln 2015
93.375
Wariet 0.355 Kunick 0.35p Marubeni Int Fin 61/2% Ser A Yen/US\$ Bd 1997 Y650000.0 Do Ser B Y650000.0 Nationale Investeringsbank Sb

**THURSDAY MARCH 14** e Manhattan Sb FRN 2009 \$150.09 \$150.09
Crabtree 5.25p
Daejan 16p
Hongkong & Shanghat Banking
Prim Und FRN (Ser 2) \$76.62
Investors Capital Inc Ann Rest/
Vig 1,35p
Do Units 1.35p
London Scottish Bank 3.55p
Pfizer \$0.30 Pfizer \$0.30 Ragby Gtd FRN Dec 1997 \$15400.49 Santander, Fin Iss Sti Gtd FRN

Reckitt & Colman

Steel Burrill Jones

Micro Focus

**Pittards** 

Grootviei Proprietary Mines R0.10 Grosvenor Inns 2.75p Inco \$0,10

2004 \$317,55 Scandanavian Airlines 91/4% Bd 1999 FFr925.0 Witan Inv 3.5p Young & Co's Brewery 91/2% Db 2018 £4.75 FRIDAY MARCH 15

CSX \$0.26 Christiania Bank 8% Sb Nts 1996 \$293.85 Dana \$0.23 Dover \$0.15 Edinburgh Inv Tst 3.65% Cm Pf Elandsrand Gold R0.30 Forte FRN 1999 £1777.73 Gentra Fitg Rate Sb Cap Db 1998 \$304,60 Gracechurch Personal Loan Fin (No 1) Class A FRN 1998 £169.82 Do Mezzanine FRN 1998 £627.57

Leslie Gold Mines R0.05 Louisiana Land & Expin \$0.06 Midland Bank Non-Cm S Pf Ser A1 S0.355 Do Ser A2 S0.8875

Television Corp

British Data Mngmnt

NK Properties Lkd Units R0.3088 NTT Data Comms 3.3% Bd 1999 Y330000.0 Newcastle Bidg Scty 12%% Perm Int Brg £63.125 Pennzoil \$0.25 Cuebec (Province of) 121/4% Ln 2020 £6.125 Royal Bank of Canada Fitg Rate Db 2085 \$151.67 Sanwa Australia Fin Gtd Fxd/ FRN 2004 \$1595.66 Southyaal R2.80 Spintab FRN Sep 1998 \$154,83 Sweden (Kingdom of) 934% Ln 2014 £487,50

TR Smaller Co's Inv Tst 1.5p TRW \$0.55 Thomson \$0,1375 Time Warner \$0,09 Trinova \$0.20 Unidare Units IR12.26p Unisel Gold Mines R0.25 Vaal Reefs R7.0 Western Deep Levels R2.40 Whirlpool \$0.34 Winkelhaak Mines R0.40 ■ SATURDAY MARCH 16 Treasury 2% IL 1996 £2.19

SUNDAY MARCH 17 Daiwa Europe Bank Step-up Callable Nts 1998 Y1550000.0 Do Step-up Callable Nts 2000 Y1500000.0 Welsh Water Utilities Fin 71/8% Gtd Bd 2004 £71.25

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Mr Michel de Rosen President & Chief Executive Officer Rhône Poulenc Rorer Inc

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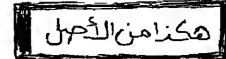
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Mar 2015.5 1879.0 -36.5 2015.5 1973.0 1.358 4.472 <b>B DAX</b> Mar 2490.0 2449.0 -30.0 2493.5 2421.0 36.254  Jun 2503.5 2461.0 -31.0 2506.0 2433.6 5.306  - Sut Mar 2. Tailban Weighted Price 4894.30t Nores Comp 5: 856.51. 8ees values of all hid Nores and 94K - all 1.000, ISE Gold - 255.7 JSE 26 industrials - 364.3: NYSE AI Com Minorats and 94K - all 1.000, ISE Gold - 255.7 JSE 26 industrials - 364.3: NYSE AI Com Montreal. + Toronto. (c) Closed. (c) Unsequiable. † ISIS/DAX scher-hours index: Mar 6 - 24	Acr 1478.75 1.445.50 -33.75 1478.75 1418.25 74 1,310  E SOFFEX  Mar 3594.0 3497.0 -53.0 3613.0 3455.0 13.674 19.181 Acr 3590.0 3490.0 -53.0 3817.0 3450.0 681 2,462 602 are 190 except. Austrack All Ordinary and 1.00 (SR3 Overall: Toronto Carlo-Metals 3 4. The DJ Indl. index theoretical day's high-	Jun 19910.0 21080.0 +180.0 2000.0 19830.0 51,877 216,385 Sep 19920.0 20120.0 - 20120.0 19920.0 18 8,328 Open Interest figures for previous day.  Establishy bonds, 2 inclusivel, plus Udines, Americal and Transportation, and lowest are the energies of the highest and lowest prices reached outing the day by as one (purple) by Televania propriemt the highest and lowest values that the molet has reach previous day's. Y Subject to Official receivables.	Mippon St Corp	Friday, March 8, 1996   Stocks   Closing Change on day   Shirko Elect   12.5m   910   +39   +30   +40     Shirko Elect   11.6m   355   +10   10.2m   3850   +5   Sumitomo Bank   9.2m   1950   +30   +30
y i	i by	\$ <u></u> \$.	<u>*</u>	*





	FINANCIAL TIMES MONDAY MARCH 11 1996 *	المانده المانده
*	CURRENCIES AND MONEY	
	Maria DOLLAR SPOT FORWARD AGAINST THE POUND DOLLAR SPOT FORWARD AGAINST THE POUND	WORLD INTEREST RATES
	March   Part	March 8
,	CROSS RATES AND DERIVATIVES	Swiss Franc 14 - 15 15 - 15 14 - 15 14 - 15 14 - 15 14 - 15 14 - 15 14 - 15 15 - 14 Can, Dollar 54 - 42 54 - 52 52 53 - 52 53 - 52 54 - 54 53 - 52
	EXCHANGE CROSS RATES  Mer 8 BF DKr FF DM E L F MKr Es Pts SKr SFr E C4 \$ Y Equipment (BFr) 100 16,79 16,65 4,863 2,000 5120 5,445 21,14 504.5 409.1 22.32 3,945 21.48 4,480 3,277 548.0 2,620 18,79 16,65 4,863 2,500 11,28 10 2,920 12,55 3075 3,258 11,112 2725 289.5 217.7 11,28 2,100 1,143 2,384 1,744 184.6 1,394 6,65 1,394 6,65 1,194 1,294 1,295 1,295 1,295 3075 3,286 1,295 3075 3,286 1,295 3075 3,286 1,295 3075 3,286 1,295 3,295 1,295 3075 3,286 1,295 3,295 1,295 3075 3,286 1,295 3,295 1,295 3,	US Dotler  54 - 5 52 - 52 52 52 54 54 55 52 54 55 52 55 52 55 52 55 52 55 54 54 54 54 54 54 55 52 55 55 55 55 54 54 54 55 55 55 55 55 55
	besue Amt Mic. Close  price paid cap 1995/96 price Net Div. Girs P/E  p up 62m) High Low Stock p v/- div. cov. yild net	RIGHTS OFFERS
	## D-BRANK FUTURINES (IMM) DM 125,000 per DM    Copen   Set price   Change   High   Low   Est vol   Open int.	price paid Renun. 1985/96 Closing price p +or- stock High Low Stock price p +or- stock Nil B/3 32pm Spm Famel Ute Ln 78pm 185 Nil 18/3 32pm 18pm IAF 32pm 155 Nil B/4 33 2pm 12pm Pereliment 32pm 48 pm precision.  Features. Options of Currencies with diverse screens to exchange floors.  James Macrowell 78pm 18pm 18pm 18pm 18pm 18pm 18pm 18pm 1
	## ###################################	
-	1.5244   1.5188   -0.0086   1.5200   1.5124   1.888   14.384   1.5186   -0.0086   -0	A GOOD YEAR FOR SCOR IN 1995 NET INCOME RISES TO FRF 522 MILLION The Board of Directors of Scor S.A. met on March 6, 1996, under the Chairmanship of Jacques Blondeau, to review the Group's consolidated financial statements and approve the parent company financial statements for 1995.  Scor Group Consolidated key figures  (in FRF million) 1994 1995
	BANK RETURN  Wednesday Increase or SAALGE Tel: (4) 171 417 9720 Ftx: (4) 171 417 9719 SAALGE Tel: (4) 171 417 9720 Ftx: (4) 171 417 9719	Gross premiums 11.645 11.848 Net premiums 9,929 10,184 Underwriting result -333 505
	Lisbilities	Operating result 23 591  Group net income ** 282 522  Net invested assets 26,352 26,818  Net technical provisions 20,083 21,711  Group shareholders' equity 4,985 5,146  Employees 1076 1078  * Restated for purposes of comparison in accordance with the new french reinsurance accounting standards. ** Excluding minority interests  On most markets, the world reinsurance industry confirmed the positive trends of 1993 and 1994 demand remained buoyant and underwriting terms were satisfactory.  Scor's premium income advanced 6.6% on a comparable exchange-rate basis. Group net income after tax (excluding minority interests) was up 85% relative to 1994, rising to FRF 522 million. Return on equity was 10.1%.  All Group subsidiaries without exception contributed to this excellent performance.
47	UK GILTS PRICES	Parent company Profit for the year after depreciation, amortization and
	Secondar   Class up to Five Teachs    -2   1.50   Mrd Sing   -2	income taxes, amounted to FRF 89 million. The 8oard of Directors will recommend at the Annual Shareholders' Meeting to distribute a dividend of FRF 7.50, including tax credit (avoir fiscal), which is more than double the previous year's dividend.  CURAÇAO
	Trees Fig Name 1999 13:10 1288 Cons age: La 2011 \$7 105 128 Cons age: La 2	CREDIT LYONNAIS USD 60,000,000  DEPOSITARY RECEIPTS of PIONEER ELECTRONIC CORPORATION
	Trees 1/30c 2000	Bondholders are hereby informed that the rate applicable for the Coupon N°9 has been fixed at 6,06953 %, for the period, survise on 11th March 1996 and 10th September 1996 (Indiasive) and representing a period of 184 days.  With Reference to section 7, sub 5 of the Deposit Agreement, the undersigned announces, on behalf of Pioneer Electronic Corporation and the Administration Office, Caribbean Depositary Company at Curação, that aforement
	Commenter 9 sign 2004 1 1.9 100 1 1.	The compon N°9 will be payable at the price of USD 31,022.04 on 11th September 1996.  The Principal Paying Agent  The Paying Agent  The Principal Paying Agent  The Payi

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MEES PIERSON N.V.

Amsterdam, 11 maart 1996



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NYSE	COMPOSITE	PRICES

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AMEX COMPOSITE PRICES

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44.54.44.4	Apogle En. 0.34 18 1282 21 1 <sub>8</sub> 20 1 <sub>4</sub> 20 7 <sub>6</sub> +1 APP Bio 29 339 7 1 <sub>2</sub> 7 1 <sub>8</sub> 7 7 <sub>6</sub> 7 Apple Mat 1086055 34 30 5 <sub>8</sub> 33 1 <sub>4</sub> +1, Apple 0.48 1213231 26 7 <sub>6</sub> 524 1 <sub>4</sub> 25 + <sub>2</sub>	Embyre 24 8015 14 1314 14 +14 15 885 2514 2314 2414 -114 15 885 2514 2314 2414 -114 15 885 2514 2314 2314 -114 15 885 2514 2314 2314 -114 15 885 2514 2514 2514 -114 15 885 2514 2514 2514 -114 15 885 2514 2514 2514 -114 15 885 2514 2514 2514 -114 15 885 2514 2514 2514 -114 15 885 2514 2514 2514 -114 15 885 2514 2514 2514 2514 2514 2514 2514 251	MS Car's 17 382 17 17 17 17 18 18 18 18 18 18 18 18 18 18 18 18 18	Sintested 0.84 36 4110 t622 55 36 4 60 -25 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5
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ار 1-1 1-2	Artisoft 5 1939 7 <sup>1</sup> 2 7 7 <sup>1</sup> 4 -1 AspectTei 41 2344 47 43 <sup>3</sup> 4 45 <sup>3</sup> 2 -1 AST Ristch 1 3198 8 45 <sup>3</sup> 2 5 <sup>7</sup> 6 +3	a Farr Cp 0.24 10 111 914 0 918 -18 4 Fasternal 0.02 50 1937 375 353, 3614 -134 5 FHP hrs 407 1840 3318 3214 2218 -18	Martinil x 0.66 12 3236   29   25 25 2 - 72   Martinil x 0.66 12 3236   29   25 25 2 - 72   Martinil x 57 970   18 6 5 6 5 6 7 2 4 2   20 2 2 2 2 3 4 2 6 6 7 3 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	Smithtel 61 2218 301 <sub>2</sub> 281 <sub>4</sub> 291 <sub>5</sub> +1 Software 2 941 3.1 <sub>6</sub> 23 <sub>9</sub> 3.1 <sub>6</sub> +1 Southest 0.88 11 2888 263 <sub>4</sub> 261 <sub>2</sub> 203 <sub>4</sub> -1 <sub>2</sub> Spiegel A 0.20103 1038 101 <sub>2</sub> 81 <sub>8</sub> 82 <sub>4</sub> -1 <sub>6</sub>
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majority now reduced to two. the

argument has had serious repercussions at

Middle East peace summit

summit in Egypt to rally support for the Middle East peace process. World leaders

who have accepted the joint invitation

president, Jacques Chirac, the French

president, and Helmut Kohl, the German

chancellor. Syria - crucial to any peace

confirmed by Sunday whether President

Hafez al-Assad would attend. Egypt said

the summit, which follows suicide bomb

attacks in Israel which have shattered

confidence in Israell-Palestinian peace moves, was intended to "support the

South African budget

Chris Liebenberg, the South African

finance minister, will try to woo foreign

investors with reforms to the tax system

budget to parliament. A rise in the VAT

income from pension funds have been

government expenditure have intensified

promises made in the reconstruction and

widely forecast. Pressures to rein in

but Mr Liebenberg has to consider

development programme, which is

supported by all political parties, to

First of the World Cup semi-finals.

Calcutta. The other semi is on March 14

Cricket

(Chandigarh).

when he presents his government's second

rate, a reduction in the 25 per cent rate for

secondary tax on companies and a levy on

foundation of peace and combat violence"

process in the region - still had not

Hosni Mubarak and Bill Clinton, the

Egyptian and US presidents, bost a

include John Major, the UK prime minister, Boris Yeltsin, the Russian

### Euro-MPs prepare for iGC

11

Euro-MPs will debate a motion outlining the European Parliament's priorities for the inter-governmental conference reviewing the Masstricht treaty, which begins on March 29. Discussion will focus on an enhanced role for the parliament, the principle of one European commissioner per member state and the development of European citizenship. Also on the agenda is the ratification of Europol, the proposed pan-European police agency to counter cross-border criminal activities. Although it is up to national parliaments to ratify Europol, a deadlock has arisen over whether the European Court of Justice should have the power to settle disputes.

### Australia coalition sworn in

Australia's new Liberal-National coalition government will be sworn in, 9 days after scoring a sweeping victory over its Labor opponents at the polls. The ceremonies will end 13 years of Labor rule in Australia, and bring several new faces to the fore in Canberra. With the exception of John Howard, the prime minister-elect, none of the ministerial team has been in

### **EU** ministers discuss waste



European Union finance ministers meet in Brussels to approve the Court of Auditors' report on identifying EU financial mismanagement and waste in 1994. Ministers will also

discuss proposals for injecting fresh capital into the European Bank of Reconstruction and Development, one of the lead lending institutions for eastern Europe, as well as European investment bank lending to Latin America and Asia. The slowdown in the European economy will be discussed informally.

### Seoul army coup triai

Two former military-backed presidents of South Korea, Chun Doo-hwan and Roh Tae-woo, go on trial for their alleged roles in leading a 1979 army conp and the subsequent massacre of pro-democracy protesters in 1980. Both men are already being tried separately for allegedly accepting several bundred million dollars in corporate bribes while in office between 1980 and 1993.

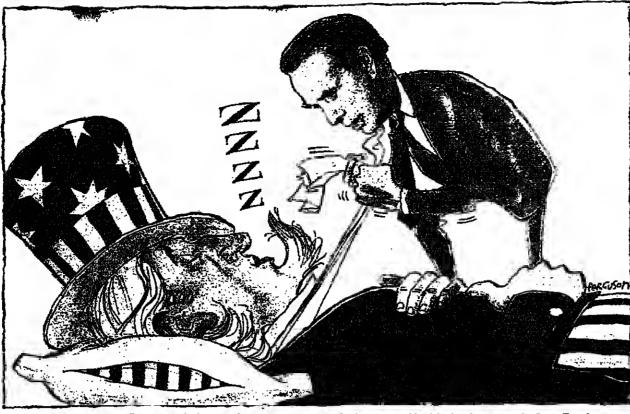
**Public holidays** Australia, British Virgin Islands, Gibraltar.

### TUESDAY

Dole nearly unstoppable By the end of so-called Super Tuesday's

presidential primaries in seven states – including delegate-rich Texas and Florida – 45.7 per cent of the delegates will have been selected for the US Republican

12



Wake up America: Republican Robert Dole looks set to boost an overwhelming lead as the presidential primaries gear up for Super Tuesday

convention. With momentum gained last week from wins in New York and eight other states, the virtually unstoppable senator Robert Dole is expected to add to his already overwhelming lead.

### Turkey aliiance vote

Turkish MPs are expected to approve the new conservative coalition government of Mesut Yilmaz in a confidence debate, even though the alliance between his Motherland party and Tansu Çiller's True Path party lacks a majority. The government relies on support from the Democratic Left party of Bülent Ecevit, a former prime minister who wants to dilute the government's free-market reforms. Rivalry between the coalition partners suggests a weak government. Their powerful conservative factions may also oppose political reforms to end the Kurdish nprising. Refah, the Islamist opposition, promises resistance.

### Cardoso in Japan

President Fernando Henrique Cardoso of Brazil travels to Japan for a four-day visit aimed at rebuilding economic ties between the two countries. The Japanese invested heavily in Brazil during the 1960s and 1970s, and commercial relations soured after Brazil suffered a debt crisis during the 1980s. With its new-found economic stability, loans and investment are returning to Brazil, and Honda and Toyota are expected to announce spending on new car plants during Mr Cardoso's visit. Brazil has the biggest Japanese community outside Japan because of emigration by farm workers early this

### White paper on IGC

The British government publishes its white paper on the UK's broad negotiating

position ahead of the inter-governmental conference on institutional reform of the EU. The document will outline the government's proposals for modest curbs on the jurisdiction of the European Court of Justice and UK resistance to increasing the powers of the European parliament. With MPs due to debate the white paper on March 21, a week before the IGC opens in Turin, Tory divisions on Europe have resurfaced.

### Horse racing

National Hunt (jumps racing) festival, Cheltenham, England (to March 14).

FT Survey Executive Education.

Public holidays

WEDNESDAY

Lesotho, Mauritius.

### Northern Ireland convention



convention, in advance of all-party talks in June, Relations between ministers and the Ulster

Unionists, the province's largest party, have deteriorated amid indications that the government would support proposals by the rival Democratic Unionist party for a single list system for elections. With the Conservative government's parliamentary

## THURSDAY

Berlusconi committal hearing A committal hearing in Milan is due to

decide whether Silvio Berlusconi, the media magnate and former Italian prime minister, should stand trial on charges of illegally channelling funds to another former prime minister, the disgraced Bettino Craxi

Dubai Desert Classic (to March 17).

**Public holidays** Andorra, Guyana.

### FRIDAY

IMF decision on Hungary The International Monetary Fund decides whether to grant Hungary a much-delayed stand-by loan - the first since the Socialist-Liberal coalition took power in July 1994. The loan is dependent on parliament this week passing a tight Ft17.8bn (\$124m) social security deficit for this year. The Organisation for Economic Co-operation and Development membership of which Budapest sees as an important step towards joining the European Union – has said it will admit

### Carlsson retires In Sweden

Hungary this year if the loan goes

A congress of Sweden's ruling Social Democratic party is set to elect Göran Persson, the finance minister, as its new leader to succeed Ingvar Carlsson, who is retiring after 10 years in the post. Mr Persson will formally take over as prime minister following a parliamentary vote on March 21. Meanwhile, the congress debate on SDP policy for the new century will pit reformists seeking to modernise the party against traditionalist defenders of Sweden's all-pervading welfare state.

### political party, hold their spring conference in Nottingham (to March 17).

The Liberal Democrats, the UK's third

Lib Dem conference

Party leader Paddy Ashdown will put members on election alert, and policy debates will include law and order, further education and Europe.

### Mastering Management

The FT's 20-part series continues in the UK edition with part 19. Non-UK readers can take out a subscription. Contact: PO Box 384, Sutton. Surrey, SM1 4XE, UK. Tel: +44 181 770 9772, Fax: +44 181 643 7830.

### FT Survey Kent,

**Public holidays** Belarus, Hungary, Liberia.

### SATURDAY

### Salercom



15

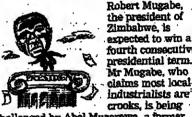
Albert Emstein's autographed working pan's trade manuscript for his special theory of relativity comes up for suction at Sotheby's in New York. The 72-page manuscript, probably written in 1912, was unknown until it sold

at Sothehy's in 1987 for \$1.2m (£770,000). This time it is estimated it will letch up to \$5m. The manuscript represents a landmark in human thought and is the earliest and longest devoted to Einstein's

### Apec ministers in Kyoto

Finance ministers of the 18 members of the Asia Pacific Economic Co-operation council meet in Kyoto to discuss foreign exchange movements and investment in Asia (to March 17). Ministers are expected to call for a consideration of regional currency stabilisation in order to ward off foreign exchange crises. A proposal for a mixed public and private sector fund - led by Japan - to invest in Asian infrastructure projects will also be discussed. The meeting, tha third of its kind, will be opened by Michel Camdessus, the managing director of the International Monetary Fund. He will give a report on the economic situation of each Apec country.

### Mugabe seeks fourth term



fourth consecutive presidential term. Mr Mugabe, who claims most local industrialists are crooks, is being challenged by Abel Muzorewa, a former. premier, and the Rev Ndabaningi Sithole, whose Zanu-Ndonga party is said to be linked to rebels operating from Mozambique. Mr Sithole - free on bail after being charged with plotting to assassinate Mr Mugabe - denies the claim. With two out of the 150 seats, Mr Sithole's

### Rugby union

representation in parliament.

Five nations' championship: England v Ireland, London; Wales v France, Cardiff.

party is the only opposition party with

America's Mike Tyson and Britain's Frank Bruno tangle in Las Vegas. At stake: Bruno's WBC heavyweight crown,

### SUNDAY

Cricket World Cup final, Labore.

Compiled by Simon Strong. Fax (+44) (0)171 873 3194.

### ECONOMIC DIARY

### Other economic news

Monday: UK manufacturing production is forecast to show a small upturn for January, having fallen sbarply in December. Manufacturers' input and output price inflation is also thought to have eased last month, easing pressure on interest rates.

Tuesday: The Swiss economy

is forecast to have shrunk slightly in the fourth quarter last year, having been flat in the third. Germany's trade surplus is also forecast to have narrowed a little in December. Wednesday: Unepmloyment in the UK is forecast to have fallen again in February, but

by much less than in the previous month. Spanish inflation is meanwhile thought to have fallen slightly.
Thursday: US annual producer price inflation is predicted to have been unchanged in February as cost pressures continue fading. Employment in Australia is thought to have

risen in February, reversing the previous month's decline. Friday: US consumer price is predicted to bave been stable last month, following the increase which took place at the turn of the year. Factory orders are thought to have fallen in January following December's increase.

ACROSS

1, 4 Paper shirts I designed for

9 Times newspaper shock, we're told (7)
11 Ordered home before becom-

12 Raced to front gate and called

(4)
13 Top man admitted being shoddy (5)
14 Liqueur distilled in tea set (8)
16 NCO rejected work in cattle

pen (S) 18 Cold tar to one side of taxt

25, 26 Came in gloom to tour 22 See 7 North London area (6,6)

a clergyman (6,6) 8 What a "suspended senten used to mean? (7)

ing unwell (10)

13 down Something barred for people who don't like tt

2 Music paper brought un issue

Cane for interrupting a

French period? (5)
6 Recommend putting stop to rose cultivation (7)

7, 22 Keep having a go - tt could win the rugby match'

10 Fool a scruffy Latin attacker

(3.3.3.5)

(9) 13 See 1 down

driver (5)

20 With front removed smell is grim! (4)

21 Wanting cooked meal ring AA

12 See I down
15 Unknown gin and tonic mixture gets a zero! (9)

21 Wanting cooked meal ring AA

17 If raising a parking trial could

executive (10)

23 Liar left off guard swallows something fishy (7)

24 Reckless act injured animal (7)

(7)

25 Liar left off guard swallows something fishy (17)

26 Reckless act injured animal (7)

27 Fool taking nightlight round front room (5)

### Statistics to be released this week

Relegged	Country.	Statistic	Forecast	Actual
Mou	US	Jan new home sales	635,000	639,000(est
Mar 11	US .	Jarr home completions	-	1.28m (est)
	Germeny	Jan manufacturing output, West*	-1.0% .	0.7% (rev)
	Germany	Jan indust prodition, pan-Germany	-0.4%	-1.0% (rev)
	France	Feb consumer price indx, prelim"	0.3%	0.1%
	UK .	Jan Industrial production*	0.0%	0.4%
	UK .	Jan industrial production*	1.8%	1.8%
· . ·	UK	Jan manufacturing output*	0.2%	-0.7%
	UK	Jan manufacturing output**	0.9%	-0.2%
	UK	Feb producer price indx input*	-0.1%	-0.3%
	ŲK	Feb producer price indx input	3.4%	4.0%
,	UĶ	Feb producer price indx output*	0.2%	0.4%
	UK	Feb producer price indx output**	3.7%	3.8%
•	UK ·	Feb PPI ex food, drink & tobacco	3.5%	3.6%
Tues	US	Jan wholesale trade	-	1.4%
Mar 12	US	4th qtr current a/c	<del></del>	-\$39.5bn
	Japan	Jan mach'ry orders ex-power/ships"	-4.5%	7.0%
	Japan	Jan mach'y orders ex-power/ships**	13.3%	15.2%
-	Germany	Dec trade belance	DM8.0bn	DM10.6bn
	Germany	Dec current a/c	-DM2.0bn	DM0.7bn
Wed	US	Feb Atlanta Fed Indx	-	-12,3
Mar 13	UK	Feb unemployment	-10,000	-29,300
	UK -	Jan average earnings	3.25%	3.25%
	UK	Jan unit wages 3-month**	4.6%	4.5%
	Spain	Feb consumer price Indx*	0.3%	0.6%

Thur	US	Feb producer price indx	0.2% 0.3%
Mar 14	US	Ditto ex-food & energy.	0.2% 0.1%
	US	Initial claims w/e 9/03	365,000
	Japan	Feb overall wholesale price indx*	0.1% 0.2%
	Japan	Feb overall wholesale price indx	0.0% 0.2%
Fri	us	Feb consumer price indx	0.2% 0.4%
Mar 15	us .	Ditto ex-food & energy	0.2% 0.3%
	us	Feb industrial production	0.9% -0.6%
	US	Feb capacity utilisation	82.5% 81.9%
	US .	Mar Michigan sentiment prelim	88.5
	us	Feb real earnings	1.7%
	us .	Feb bank credit	- 8.7%
	US.	Feb C& loans	- 11.4%
	Japan	Jen industrial production?	0.5%
• •	Japan'	Jan shipments†	- 0.796
During t	he week	7	
	Jepan .	Feb trade balance (customs cleared)	\$5.1bn \$11.3bn
	Japan	4th qtr gross domestic prod†	0.3% 0.6%
	Japan	Feb Tokyo dept store sales**	3.6%
	Germany '	Jan capital a/c	-DM4.5bn
	Germany	Jan orders, West*	0.0% 0.8%
	Germany	Jan retail sales, reel	-1.0% -3.0%
t ·	Germany .	Jen retail esles, reel (	2.0%
	Spain	Jan trade belance	-Pta175.0bn -Pta173bn

### **MONDAY PRIZE CROSSWORD**

No.9,015 Set by GRIFFIN A prize of a Pelikan New Classic 360 fountain pen for the first correct solution opened and five runner-up prizes of £35 Pelikan vouchers will be ewarded. Solutions by Thursday March 21, marked Monday Crossword 9,016 on the envelope, to the Financial Times, 1 Southwark Bridge, London SE1 8HL. Solution on Monday March 25. Please allow 28 days for delivery

Winners 9,003

G.J. Morrow, Port Erm, Isle of M.Brockbank, Southport, Lancs T.G. McCann, Ballymena, County Antrim
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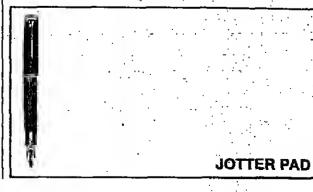
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month on month, "year on year, †seasonally adjusted. Statistics, courtesy MMS international.